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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960

No. 21

ARO MANUFACTURING CO., INC., ET AL., *Petitioners,*

v.

CONVERTIBLE TOP REPLACEMENT CO., INC., *Respondent.*

BRIEF FOR THE RESPONDENT

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STATEMENT

Respondent does not agree with the Statement of the Case presented by Petitioners, hereinafter called "Aro." The prime areas of disagreement relate to interpretations of various factual matters, and the status of the record, regarding the invention and the significance of the novel fabric here involved; as well as to Aro's allegations of misuse and impropriety arising out of a territorial grant to Respondent. Inasmuch as these areas of disagreement involve, essentially, an analysis of the record and the holdings below, the controlling facts will be set forth in detail, along with detailed references to the record, in the Argument; thereby to avoid complete repetition of these factual matters in a separate Statement.

COUNTERSTATEMENT OF QUESTIONS PRESENTED

Respondent submits that the questions actually before this Court should be stated as follows:

1. Where a case of repair vs. reconstruction presents a very complex factual situation, difficult to understand without actual inspection of the devices involved, is the rule of law stated by the Court of Appeals correct, namely that "each case must be decided on its own facts, pretty much as an individual instance"?

2. Is there contributory infringement where one sells a specially cut fabric which is the heart of a patented combination; which was intended for use in a "major reconstruction" of the combination; which had patentable novelty; and which was found by both Courts below, on the basis of all the facts of record, to meet the letter and spirit of 35 U.S.C. § 271(c) as well as every factual criterion listed in that statutory section?

3. Where no question of misuse arising from a territorial grant, or corporate relationships, was presented to the Court of Appeals for decision, is such issue properly before this Court?

4. If the answer to question 3 is in the affirmative, does respondents' good faith acquisition of a territorial portion of the patent, in accordance with 35 U.S.C. § 261, and Respondents' subsequent bringing of suit under the patent, comprise a misuse of the patent?

5. Where Congress, in enacting 35 U.S.C. § 271(c), limited the application of that statutory section to "a material part" of the invention, constituting a new element comprising a portion of the inventive contribution; and where the part sold by petitioners was the heart of the patented invention and had

"patentable novelty", does either the statute or its application in the instant case contravene Article I, §8 of the Constitution.

SUMMARY OF ARGUMENT

I. The Mackie-Duluk patent in suit, which both Courts below found valid and infringed, is characterized by a fabric top of entirely new shape, fastened to a conventional automobile in an entirely new manner. In finding that Aro infringed and contributorily infringed, the Courts below were not extending the protection of the patent to "unpatented material" nor were the Courts protecting mere fabric. The heart of the invention resides in a peculiar, characterizing, and unique *shape* and *fastening* of the top; *shape*, not mere fabric, was of the essence. It was this new Mackie-Duluk shape which Aro sold and installed, and which the Courts were protecting.

A. Although the industry had long recognized, and worked on, major problems inherent in prior convertible top structures, it was not until Mackie-Duluk that these problems were finally solved. The solution resided in the unique top shape and fastening which Mackie-Duluk finally suggested. The Trial Court termed Mackie-Duluk's solution "a substantial and enlightened step, filling a long-felt want".

B. The witnesses for both sides were unanimous that Mackie-Duluk's top shape and fastening was the heart of the invention, and the important part thereof. As one witness termed it, this new shape and fastening was a "revolutionary idea."

C. Both Courts below recognized that they were not dealing with mere fabric or unpatented material.

The Trial Court was concerned with a particular "cut of fabric"; and the Court of Appeals similarly was concerned with the top "of a particular form or shape". Both Courts found that this shape was entirely new, and the heart of Mackie-Duluk's invention. From both patent and economic standpoints, therefore, the Courts below were protecting the real invention in protecting the new shape here involved. As stated by Report of the Attorney General's National Committee to Study the Anti-Trust Laws (1955), p. 240:

> "In many instances the unpatented *element* involved in the contributory infringement suit is the **heart** of the patented *combination* and has no other substantial use, so that *relief for contributory infringement is in economic effect equivalent to relief for direct infringement.*" (Emphasis added.)

D. While Mackie-Duluk's new shape of top is used with a car body and bows, these latter structures are in themselves entirely conventional, capable of receiving tops of many different shapes, and not part of the invention. The car body and bows are no more than supports for the new top shape.

E. The other parts of the structure, including the "wiper arm" about which Aro argues, were found by the Courts below to be small, simple and minor parts. The real inventive concept resided not in the "wiper arm" or other minor parts, but in the new top shape.

F. The Courts below recognized that the patent claims in suit were combination claims; and that these claims described the new top shape in conjunction with conventional supporting elements. While Aro suggests that the Court misconstrued the patent, Aro is contradicted by the Government.

G. Aro and the Government suggest that Mackie-Duluk's new shape should be given no protection since that shape was not claimed alone. But the shape could not have been claimed alone due to semantic difficulties and Patent Office requirements respecting claim content. Congress, in enacting 35 U.S.C. § 271(c) recognized these problems; and the intent of Congress was to protect a new structure, such as Mackie-Duluk's unique top shape, even when claimed (as here) in combination with background elements. Aro and the Government ignore the clear legislative history in this respect.

H. The Government would ignore the fact that Mackie-Duluk's new top shape is the "heart" of the invention. However, cases of this Court (e.g., *Leeds & Catlin* v. *Victor Talking Machine*, 213 U.S. 325), cases of numerous Courts of Appeal, and the Attorney General's National Committee to Study the Anti-Trust Laws, agree that a combination *can* have a "heart", replacement of which (as done by Aro) is strong evidence of reconstruction. Congress reaffirmed these rules in 1952, intended to protect the "heart" of a patented combination by its enactment of 35 U.S.C. § 271, and expressly so stated.

II. Both Courts below found that Aro was not merely repairing, but was truly reconstructing the Mackie-Duluk invention by sale and installation of the heart of that invention. Since Aro was selling and installing the characteristic new top shape of Mackie-Duluk, the decisions below did not enlarge the patent monopoly to cover unpatented materials.

A. To term Aro's operation "replacement" is a misnomer. Aro's "replacement" tops, although having the unique Mackie-Duluk shape, otherwise always differed in style, construction, and mode of installation from original tops. Moreover, in "replacing" an original top with an Aro top of the new Mackie-Duluk shape, Aro sometimes added structural elements not present originally; and in other cases, removed perfectly good structural elements from the car. As a result, Aro's replacement operations, far from restoring the car to its original condition, actually resulted in formation of a "new article" so distinct that it could be distinguished from original and other replacement tops "two streets away."

B. As the Trial Court found, "the car owner, and defendants in his stead, did not have to subject themselves to replacement royalties if they did not want to. * * * If an owner does not want to replace with plaintiff's tops, he does not have to." Neither desires of car owners, nor car construction, nor economic considerations require the use of the special Mackie-Duluk shape at the time of replacement; and to the contrary, the use of a non-infringing shape has certain advantages at the time of replacement.

C. "Intention" is an important factor in resolving questions of repair and reconstruction. The record shows, and the Court of Appeals found, that Aro's operations "would be counted" a major reconstruction, not repair, by car vendors and owners, indeed by Aro itself.

D. Mackie-Duluk shaped tops last for years, and do not need "frequent" replacement. A car owner may never have to replace his original top. Replacements are effected by Aro, not for utility reasons, but to improve appearance; and Aro admits that, at the time of replacement, the original top is functionally "in perfectly good condition."

E. To replace an entire top, as Aro does, is time-consuming, difficult, and expensive; and must be performed by a specialist. "Repairs" in this field are far simpler procedures.

F. Specific showings are required of Aro to substantiate their claim of implied license to replace. Aro failed to carry its burden of proof in this regard.

III. The concurrent findings below, that the patent in suit was infringed and contributorily infringed by Aro, are in full accord with the decisons of this Court, and with standards which Congress re-enacted in 1952.

A. The Courts below were presented with a complex factual question, and were aided in their understanding of the facts by physical exhibits and demonstrations. In view of the history and progress of this litigation, the findings below should be accorded great weight.

B. The Government concedes that Congress, in enacting 35 U.S.C. § 271, "left intact the entire body of case law on direct infringement." Reconstruction, the issue in this case, is direct infringement. The decisions of this Court, as well as those of substantially every circuit, establish that the criteria applied by the Courts below, and "left intact" by Congress, were entirely correct and proper; as were the decisions below.

C. The Court of Appeals considered "all the facts and circumstances presented", and decided the instant case "on its own facts, pretty much as an individual instance." The decision, on its face, shows consideration of many factual circumstances additional to those which the Government suggests to be "the ground" of the decision (cf. U.S. Br., p. 2).

D. The Government suggests a new test for reconstruction (U.S. Br., p. 15). This new test would disregard all factual circumstances considered important heretofore, and is contradicted by the fact that Congress "left intact" the body of case law on direct infringement.

E. The legislative history, preceding enactment of 35 U.S.C. § 271, shows that Congress reaffirmed and re-enacted the criteria actually used by the Courts below herein. The Government's new test is at variance with this legislative history.

F. The Government's new test, allegedly based on *Wilson* v. *Simpson*, 9 How. 109, is actually contradicted by that case. *Wilson* v. *Simpson* established that factual considerations ignored by the Government, particularly the intention of the

vendor, are important; and further established that replacement of one part of a combination *can* be reconstruction.

G. Congress, in enacting the 1952 Patent Act, intended to strengthen the patent system. The legislative history shows that § 271 of the Act was intended to apply fully to replacement parts. The Justice Department presented to Congress the contentions which it presents here, and stated that the bill, if passed, "would inevitably restore" the doctrine of *Leeds & Catlin*, 213 U.S. 325. Congress nevertheless enacted 35 U.S.C. § 271. Being unsuccessful before Congress, the Justice Department now asks this Court to alter the patent law in a way that Congress was unwilling to alter it.

H. The misuse cases of this Court, such as *Carbice Corp.* v. *American Patents Dev. Co.*, 283 U.S. 27; *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U.S. 502; and *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661, are distinguished on their facts. Respondent does not sell, or require purchase, of any goods; and does not seek to protect unpatented materials from competition. Moreover Congress, in enacting 35 U.S.C. § 271(d), carved an exception to the anti-trust laws; and provided that Respondent's actions here do not comprise misuse or extension of the patent monopoly.

IV. The real issues here are limited. The only question which should properly be considered by this Court is the "basic question" recited by the Court of Appeals and argued before it.

A. The "basic question" argued before the Court of Appeals was the sole question presented

to that Court by Aro for decision. No questions of constitutionality, patent validity, standard of invention, impropriety, misuse, antitrust violation, or construction of a license or release were presented; and appear to have been afterthoughts by Aro here.

B. In stating that this court need not consider § 271(c) if it rules that Aro merely repaired, the American Patent Law Association (APLA Br. 2-3) has apparently overlooked that Ford cars were unlicensed. Even if this Court disagrees with the findings of "reconstruction" below Aro is still clearly liable under § 271(c) for its operations on *Ford* cars; for these cars were, from their inception, *infringing* structures. The Government would appear to concede that its test does not extend to Ford cars, and that Aro should still be liable as to them.

C. Aro's contentions of impropriety were not made an issue below, and are totally unfounded in law and fact. Aro misstates the record and, moreover, departs from the record. Respondent's acquisition of territorial rights is authorized by statute (35 U.S.C. § 261); and such transfer of title can (as here) properly include rights for past infringement, *Crown Die & Tool* v. *Nye*, 261 U.S. 24. Aro's allegations will be analyzed, and shown to constitute more "irresponsible statements" which, the Trial Court noted, has characterized certain aspects of Aro's defense in this litigation (R. 45-7).

V. Since the power of Congress in the field of patents is plenary; and since Congress, in enacting 35 U.S.C. § 271(c) was protecting "new" components albeit claimed in combination with other elements § 271 is clearly constitutional.

ARGUMENT

I. THE NATURE OF THE MACKIE-DULUK INVENTION

A. The Mackie-Duluk Invention Solved Long-Standing Problems in the Prior Art

There were a number of major problems and difficulties inherent in prior art convertible tops (R. 35), and prior to Mackie-Duluk "the general industry had been working for years on the problem" (R. 371) without any solution, even though "the very best engineers * * * in the body engineering department [worked] on convertible tops" (R. 381). Mackie-Duluk's top was the first "real solution" to these problems (R. 394). The Trial Court found that "Mackie-Duluk solved all of these difficulties" (R. 35); and that "Mackie-Duluk was a substantial and enlightened step, filling a long felt want" (R. 34).

B. All Witnesses Below Agreed That the Mackie-Duluk Fabric Shape and Fastening Was Entirely New, of Major Importance, and the Heart of the Invention

The essential feature, the heart of the Mackie-Duluk invention, lay in the provision of a fabric top of new shape, characterized by certain elongated flaps of material adapted for permanent attachment within the car. *Every witness* agreed that the unique fabric shape of Mackie-Duluk, and the form of attachment afforded thereby, was of primary importance. Thus, Petitioner Harold Shapiro testified (R. 85):

> "Q. Am I correct in stating that one of the important improvements in folding tops of the type used on the 1952, 1953 and 1954 Fords, by way of example, is the fact that fabric comes down into the car and is fastened on the inside of the car so no water can get on the interior of the car itself and any water which does seep down past the fabric goes into the trough?
>
> "A. That is correct.

"Q. Does the idea of having *a section of the fabric coming down inside the car and actually fastening on part of the car*, for instance, adjacent to the trough, *is that the important thing*?

"That is correct." (Emphasis added.)

The 1952-4 Ford and Mercury convertibles, about which Petitioner was testifying, all had conventional bodies and linkages of identical construction and size. A single Aro top (Model 134) fits all these cars (R. 50-2); and Aro's Top No. 134 fits no other cars (R. 120).

The witness Booth, on cross-examination by Aro's counsel, testified (R. 171-2):

"Q. You spoke before as to the importance of the fabric itself. You said, I think you used the terms 'special shape' and 'arrangement' formed an important part of this invention or this device; is that correct? A. Yes.

"Q. Could you once again describe what you consider to be *the most important part* of this particular arrangement of the fabric, itself?

"A. Well, I would consider *the most important part to be the provision of a flap at the rear quarter extending down into the interior of the automobile body and connected at a point below the belt line to the automobile body.*" (Emphasis added.)

Petitioner George Shapiro testified that the important improvement effected by Mackie-Duluk resided in the novel way the fabric was secured to the car (R. 49). See also the testimony of Aro's expert witness Brosens regarding the importance of the fabric arrangement (R. 323). Indeed the record shows beyond any doubt that the new shape of fabric, and its novel mode of attachment, was "the fundamental con-

cept," the "real crux of the whole thing," and a "revolutionary idea." See Pickard's testimony (R. 398-9):

> "XQ. [by Mr. Wolf] * * * *Will you agree* that *the fundamental concept* * * * was the attachment of the fabric below the body line a sufficient distance to permit raising and lowering the top; is that right?
>
> "A. Yes. * * * That was *the real crux* of the whole thing. That was *the revolutionary idea.*" (Emphasis added.)

C. Both Courts Below Found That the Mackie-Duluk Fabric Shape and Fastening Was the Crux of the Invention

The Trial Court noted that the peculiar fabric shape, or "cut of fabric" as the Court termed it, about which the witnesses had been testifying, was entirely new in the art (Transcript, p. 749):

> "The Court. That really is one of the differences between *the Mackie-Duluk cut of fabric* and many of the other patterns, particularly Bessonneau, there is no thought of running the fabric down to the axis point, to the further point." (Emphasis added.)

And the Trial Court expressly found that this new shape, and the mode of installation afforded thereby, was of major importance (R. 37):

> "Defendants point out that if the flap was extended further downward, permanently attached to a trough and a wiper arm added, one would have Mackie-Duluk. *They then seek to depreciate the importance of permanently fastening the fabric, with which I disagree.*" (Emphasis added.)

In finding contributory infringement, the District Court also found that Aro had made "a material part"

of the invention (R. 38); and that the fabric shape was "useless" except in the Mackie-Duluk arrangement. (R. 41)[1]

The Court of Appeals found that the Mackie-Duluk patent, although claiming a combination of structure, was concerned with "the fabric part of such a top of a particular form or shape"; noted that "the patentees *were the first* to extend the flaps * * *" etc.; and further found that this new fabric shape had "patentable novelty" (R. 651).

Hence, all witnesses, and both Courts below, have uniformly agreed that Mackie-Duluk's peculiar fabric shape and fastening constitutes the heart, crux, and dominant part of the invention; and is entirely new.

In its Memorandum in Support of the Petition for Certiorari, the Government conceded (p. 5):

> "If tops of the shape employed in respondent's combination patent were themselves patented, petitioners unquestionably infringed the patent when they manufactured and sold, as was found, fabric tops of such shape."

We have, in the instant case, the full equivalent of the foregoing, from both patent law and economic standpoints, for the new shape of fabric constituted the "heart" of Mackie-Duluk's invention. As stated in the Report of the Attorney General's National Committee to Study the Anti-Trust Laws (1955), p. 240:

> "In many instances the unpatented element involved in the contributory infringement suit is the

[1] Aro in effect challenges this finding of fact, at this late date in arguing (Aro's Br. p. 48) that "The specially designed unpatented top fabrics are in their essential nature suitable for noninfringing use." The record and findings below are clearly to the contrary.

heart of the patented combination and has no other substantial use, *so that relief for contributory infringement is in economic effect equivalent to relief for direct infringement.*" (Emphasis added.)

Only some combination patents include a "heart," and some do not, e.g., a new combination consisting entirely of old, well-known elements. However, when a "heart of the patented combination" does exist, it is in effect the invention itself; and *when it is gone, so is the invention gone.* When a Mackie-Duluk type fabric, the heart of that invention, is stripped from the car, the Mackie-Duluk invention is itself destroyed.

D. The Car Body and Bows Are Merely "Background" for the Novel Fabric

The Trial Court at test demonstrations (R. 183 et seq., 206 et seq.), saw that the car body and bows were no more than entirely conventional structures acting as supports for the novel Mackie-Duluk fabric; and the Trial Court specifically found that the car body and bows were "standard" and of no significance in evaluating the real invention (R. 38).. See also R. 143-4. These other parts were analogous to conventional "poles" supporting a quite new "tent" fabric.

E. The Wiper Arm Has the Same Importance in the Mackie-Duluk Arrangement as the Other Bows of the Top Structure

By reason of the unique shape of fabric which characterized the Mackie-Duluk invention, a portion of fabric was provided on the car interior at a place where fabric had never before been located. In the art of convertible tops it is elementary that, wherever

there is a large expanse of fabric, a bow is desirable to hold the fabric in place. Hence, in order to minimize gaps in the new region of fabric resulting from the new fabric shape, Mackie-Duluk provided a so-called "wiper arm" which, except for its new location, acted as any other conventional bow, i.e. to hold the fabric in place (R. 276). The Court of Appeals expressly found that the wiper arm was "an additional low, rearward bow" (R. 650). The invention, however, lay in the provision of the entirely new fabric shape and fastening; for, as Aro's own expert witness testified, without this unique fabric shape there would be no purpose whatsoever in the wiper arm (R. 329). Petitioner Harold Shapiro characterized the wiper arm as "immaterial" (R. 83).

F. The Courts Below Correctly Construed the Patent in Suit; Petitioners Distort This Construction and Are Contradicted By the Government

In arguing that the Courts below should have given no weight to the importance of the fabric, or its novelty, Aro's brief pp. 11-20, discusses what it conceives to be the intent of the Patent Act in protecting an invention. Aro's statement of the statutory plan is, however, incomplete. True, the Commissioner of Patents, acting through an examiner, is vested with authority to grant a patent. But the authority to decide what is an infringement is left to the courts; and, when one of the issues is contributory infringement, as here, the *court* must decide if the defendant has sold "a component * * * of a combination * * * constituting a material part of the invention * * *" (35 U.S.C. 271c).

The claims in suit cover a combination, one element of which is a fabric top of unique shape. This new

fabric was the "heart of the invention", entirely novel, and the one component which characterized the invention and brought success out of failure. Nevertheless, although Aro's brief, page 8, would suggest that the Court of Appeals construed the claims as covering the fabric alone, the Court clearly recognized that they were dealing with a combination patent (R. 650). Indeed the Government's Memorandum in Support of the Petition for Writ of Certiorari, page 5, itself so states:

> "The court below, while referring to the flexible top material as having 'patentable novelty' (pet. .28) did not hold that this material was *patented* * * *. In fact the court implicitly held that the fabric part of the top was not itself patented."

The Court of Appeals clearly stated, in its recitation of the "basic question" argued (R. 648-9), that it was examining one component of a patented combination to determine whether, under § 271(c), sale of that component rendered Aro liable as a contributory infringer. In commenting, the Court paraphrased § 271(c), and sometimes referred to the fabric top as "a patented component" thereby recognizing the nature of 35 U.S.C. § 271(c), i.e. that it relates to "a *component* of a *patented* machine," etc. The Court, however, used the term "patented component" only to refer to a component meeting all the factual criteria of § 271(c); and this is quite evident when the entire decision is read in context, e.g. the Court, in referring to the fabric top, characterizes it as "a patented component of a patented combination" (R. 654), or as a "component of the patented combination" (R. 655).

It is clear, therefore, that the Court of Appeals had a true appreciation of the patent, and its nature; and in holding Aro liable, in light of the factual circumstances considered, was doing precisely what 35 U.S.C. § 271(c) required.

G. The Repeated Assertion That the Fabric Shape Alone Should Have Been Claimed Is Incorrect and an Oversimplification

The Courts below found that Aro's operations, in selling the heart of the Mackie-Duluk invention, met both the letter and spirit of § 271(c); and that Aro was a clear contributory infringer. Aro was selling the novel element of Mackie-Duluk for installation in the unique way taught by Mackie-Duluk; and this element was the characterizing portion of Mackie-Duluk, and "useless" except in the Mackie-Duluk arrangement. Violation of § 271(c) seems to be beyond question. However, in view of Aro's arguments regarding the intended scope of the statutory section in question, some further analysis of the claimed subject matter follows.

Both Courts below found that Mackie-Duluk's claims set forth with specificity the unique and entirely novel fabric shape which distinguished Mackie-Duluk from all other prior tops. The claims also include standard mechanical elements, by which various portions of the newly shaped fabric are identified as to position and function; and the recitation of these other standard elements assists in the definition of the fabric shape by clarifying just where various parts of the newly shaped fabric go, and what they are for.

This character of the claims here involved is the ordinary circumstance in cases involving contributory infringement, for when such a cause of action arises,

the claims often include background elements which the contributory infringer does not himself supply. Thus, in *Morrin* v. *Robert White Engineering Works*, CA-2, 143 Fed. 519, the Court noted:

> "* * * The tiers of generating tubes of the so-called 'ogee' form constitute the vital element of the combination. It was this which made it patentable. *In order to describe the invention intelligently it was necessary to show an upright generator cylinder as a support for the tubes,* but the improvement over the prior structure and the advantages resulting therefrom are all found in the new tube which permitted this arrangement in tiers as shown." (Emphasis added.)

And in *K. W. Ignition Co.* v. *Temco*, CA-6, 283 Fed. 873, 880, the Court noted:

> "It is true that each claim of plaintiff's patent states a combination 'in automobile construction' or 'in an automobile' and that in each claim the leaf spring of the automobile and its axle are included. But it is only in a highly technical sense that the patent can be regarded as upon an automobile. * * * The automobile is just as much an automobile without the absorber as with it, and was constructed and sold in the same way, whether or not shock absorbers like plaintiff's were to be applied."

By its enactment of 35 U.S.C. 271(c), Congress showed that a part, claimed in combination with other parts, was to be protected *per se*, provided the factual criteria of that section were met. There is no merit, therefore, in the suggestions of Aro and the Government, that a part must be claimed by itself before it is protected; for the intent of Congress, expressed in the Patent Act, is clearly otherwise.

Moreover, Congress recognized that, in a highly technical sense, the article comprising the contributory infringement would itself be "unpatented." See Federico, Commentary on the New Patent Act, 35 U.S.C.A. preceding § 1, at p. 53:

> "The thing sold is presumably *not itself patented* since if it were patented the question of contributory infringement, as distinguished from direct infringement, would scarcely arise and the paragraph would have little or no apparent purposes." (Emphasis added.)

And this Court, in *Mercoid Corp.* v. *Mid-Continent Inv. Co.*, 320 U.S. 661, 668 fn. 1, was of a similar view:

> "The Court [in Leeds & Catlin] was chiefly concerned with the proposition that a substitution or renewal of *an unpatented element of a combination patent*, as distinguished from its repair, is a 'reconstruction' of the combination." (Emphasis added.)

The repeated characterization of the novel fabric, by both the Government and Aro, as an "unpatented" part, can therefore have no bearing on the instant case, so long as the facts involving the particular fabrics sold by Aro otherwise meet the precise tests of § 271 (c); and the Court of Appeals has expressly found that they do (R. 654-5).

The Government states, however, (U.S. Br. p. 5, fn. 4) that the patentee "could have secured a patent monopoly on the fabric shape by claiming the fabric top shape alone"; and Aro's brief pp. 20, 29 makes similar such contentions. These assertions reflect no appreciation of existing Patent Office restrictions, a problem which § 271(c) was intended to obviate.

The problem is described by Mr. (now Judge)* Giles S. Rich at p. 4 of the Hearings on H.R. 3866, 81st Cong., 1st Sess. (1949):

> "Now, coming back to our kerosene lamp, when the patent was obtained it described a complete lamp.
>
> "There is *a rule in the Patent Office* that a claim must be complete. It must describe or define the complete operative mechanism, so one of the elements of this complete lamp is a chimney.
>
> * * * *
>
> "The invention of the lamp, of course, was not in the base, which was nothing but a container for the kerosene, and it was not new, it was as old as the hills. But an improvement in the burner mechanism was new. But to describe a complete lamp you have to include the base and the chimney or it does not work. You cannot have a lamp with nothing but the burner mechanism, *so those elements were in the claim.*" (Emphasis added.)

And at p. 7, *ibid*, Judge Rich further commented:

> "There are situations in which you cannot meet the requirements of the Patent Office without bringing in other elements than the thing which you actually have invented.
>
> * * * *
>
> "[One may be] compelled by the rules of the Patent Office to include these other elements in order to describe completely the operative mechanism."

The result of the foregoing Patent Office rule, which the Government and Aro ignore, is further described

* Of the United States Court of Customs and Patent Appeals.

by Judge Rich at pp. 11-12, *ibid*, regarding a novel switch:[2]

> "Mr. Boggs: Do you mean to say that he just could not go to the Patent Office and get a patent on that switch, period?
>
> "Mr. Rich: Period.
>
> "Mr. Boggs: He could not do that?
>
> "Mr. Rich: No, *because it would be at loose ends*, and in the opinion of the patent examiners you cannot claim a number of switches having wires to them without saying *where the wires go and what they are for.* * * *
>
> "Mr. Goodwin: Then why is not the situation in that case this, that the patentee is using his ingenuity, his energy, and his brains to secure a patent on something which, as a practical matter he never can protect himself on?
>
> "Mr. Rich: That is the situation today, and for that very reason the stimulus of the patent system is removed from certain fields, where, when you have to exercise your muscle, perspiration, and ingenuity, you have to describe the invention in such a way that you include things that you have to rely on other people to supply." (Emphasis added.)

In urging, therefore, that Mackie-Dulnk should have claimed "the fabric top shape alone," the Government and Aro express a generalization which, upon examination, reveals itself to be an impossibility due to limitations in the English language, and to restrictions imposed by Patent Office practice. And in further urging that, absent a claim to the fabric shape alone, no protection should be given the patentee, the Government

[2] It should be noted that this testimony directly contradicts Aro's assertion, brief p. 37, that Judge Rich did not suggest "that the patentee should be excused from patenting the furnace thermostat alone if that were the part he wished to monopolize."

and Aro ignore the language and intent of § 271(c), and seek to remove the stimulus of the patent system from those areas in which § 271(c) was intended to restore such stimulus.

H. There Can Be a "Heart" of the Invention, as in the Instant Case; and Congress Intended to Protect It

The Government's Brief, pp. 13-14, argues that it should make no difference that the part which Aro replaced is "essential," or the "distinguishing" part of the combination, or the "gist" or "heart" of the invention; and further, that such a part should be given no more significance than other parts of the combination since "all components are equally a part of the whole, and are equally 'essential.'" In so arguing, however, the Government disregards one of the very purposes of 35 U.S.C. § 271(c), and the intent of Congress in enacting the statute, as expressed in House Report No. 1923 and Senate Report No. 1979, accompanying H.R. 7794, 82nd Congress (1952):

> "One who makes a special device constituting *the heart of a patented machine* and supplies it to others with directions (specific or implied) to complete the machine is obviously appropriating the benefit of the patented invention." (Emphasis added.)

And in further stating (U.S. Br., p. 15) that a replacement manufacturer such as Aro, supplying the heart of the invention, but not some other standard part, shall never be considered to have done anything improper, the Government ignores one of the prime considerations leading to enactment of § 271(c), expressed by Judge Rich (Hearings on H.R. 3760, 1951, p. 153):

> "If the part he [a manufacturer of replacement parts] is supplying *is in substance the very thing which was invented*, it seems to me personally that he is an infringer, and he should not be let off on some little technicality that there is *something minor* in the whole apparatus that he is not supplying."[3] (Matter in brackets and emphasis supplied.)

Indeed, the Report of the Attorney General's National Committee to Study the Anti-Trust Laws (1955), p. 252, states:

> "Our concern is only with the apparently inherent conflict between contributory infringement and the misuse doctrine, a conflict which has stressed the need for limitations upon the scope of the misuse doctrine to place contributory infringement in the proper context of joint tort rules generally. In many instances *the unpatented element* involved in the contributory infringement suit *is the heart of the patented combination* and has no other substantial use, so that relief for contributory infringement is in economic effect equivalent to relief for direct infringement. * * *" (Emphasis added.)

In *Leeds & Catlin Co.* v. *Victor Talking Mach. Co.*, 213 U.S. 325, this Court expressly noted, and considered

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[3] Whether something is "minor" in the apparatus is, of course, a question of fact. The Court of Appeals found that "the fabric portion of the top is *not* a minor [part]" (R. 655).

A "minor" part according to Judge Rich was a minor part of the inventive concept. Thus, in discussing his kerosene lamp illustration (1949 Hearings, p. 6), Judge Rich made it clear that the base and chimney were minor parts even though physically they were far larger than the burner which embodied the inventive concept. Similarly, in his *Mercoid* illustration (1949 Hearings p. 11) Judge Rich made it clear that even though the switch was applied to a furnace, the furnace was still a minor part of the combination although far larger and more costly than the novel switch.

significant, that the part there replaced served "to distinguish the invention—to mark the advance upon prior art" (p. 330) and that it was "the distinction of the invention" (p. 335).

And the Courts of Appeals have consistently been of a similar view, i.e. that replacement of "the heart of the invention," or parts of similar importance, is strongly indicative of "reconstruction." In *Davis Electrical Works* v. *Edison Electric Light*, CA-1, 60 Fed. 276, 280, the Court emphasized that it was dealing with "the essence" of the invention; and that, while in many combinations the elements thereof may be "of equal value," this is *not* the case in every combination. Indeed, the Court stated (p. 280):

> "So, ordinarily, if the *new element* in a combination is associated in the claim with additional elements which, in the state of the art, there is no practical method of replacing by others, *the patentee obtains the same practical advantages as though this new element had been claimed alone*,—at least until the art makes new discoveries * * *. We do not in terms give the patentee the benefit of a claim for the filament alone, nor prohibit its use in some other combination * * * if some ingenious way of making such other combinations is ever discovered." (Emphasis added.)

The 2nd Circuit, in *Morrin* v. *Robert White Engineering*, CA-2, 143 Fed. 519, found reconstruction when the part replaced was "the *vital element* of the combination," and when the combination had been reconstructed "in all of its novel features." (Emphasis added.)

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[4] It must be recalled that the District Court found the special Mackie-Duluk fabric, the heart and essence of the invention to be "useless" except in the Mackie-Duluk arrangement (R. 41).

The 6th Circuit, in *Automotive Parts* v. *Wisconsin Axle*, CA-6, 81 F. 2d 125, 127, stressed that reconstruction occurs when the parts replaced "*dominate* the structural substance of the whole." (Emphasis added.)

The 10th Circuit, in *Williams* v. *Hughes Tool Co.*, CA-10, 186 F. 2d 278, 284, certiorari denied, 341 U.S. 903, found reconstruction by defendants replacing "*that element * * * wherein lies the novel features of the combination.*" (Emphasis added.)

Indeed, this Court in *Union Paper Bag Machine Co.* v. *Murphy*, 97 U.S. 120, 125, in considering a question of infringement (which, of course, is the very issue involved in "reconstruction") said:

> "Inquiries of this kind are often attended with difficulty; but if special attention is given to such *portions* of a given device as really does the work, *so as not to give undue importance to other parts of the same which are only used as a convenient mode of constructing the entire device*, the difficulty attending the investigation will be greatly diminished, if not entirely overcome." (Emphasis added.)

The concurrent findings below are in full accord with all of the foregoing authorities; for the specific Mackie-Duluk fabric shape and fastening is, in fact, the "heart," "essence," "vital element," "dominating part," and "novel feature" of Mackie-Duluk.

II. SINCE ARO WAS RECONSTRUCTING THE VERY DEVICE PATENTED, THERE IS NO QUESTION IN THIS CASE OF ENLARGING THE PATENT MONOPOLY TO COVER UNPATENTED MATERIALS

A. Aro Does Far More Than Mere "Replacement" of the Original Top; Aro in Fact Made Such Extensive Changes That They Produced a "New Article"

Petitoners herein comprise a corporate defendant, Aro Manufacturing Company, and a plurality of individual defendants forming a sales partnership, Aro Top Sales Company. Aro manufactures approximately 140 different replacement top fabrics designed for installation on automobiles of various different models and years (R. 116). Of these 140 fabrics, only seven fabrics were involved in this case (R. 117).[5] These seven specially shaped fabrics, the heart of the Mackie-Duluk invention, were prepared from Aro's own special patterns, for installation on only those cars here involved; and did not fit any makes or models of cars other than those for which they were specially designed by Aro (R. 117).[6]

Aro promoted the sale, and induced installation of their seven special Mackie-Duluk type fabrics by advertising (e.g. R. 463 et seq.). by demonstration clinics

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[5] *Only six* of these seven fabrics were found to be contributory infringements; and the record is, even now, *incomplete* as to the seventh fabric (for certain G.M. cars), the Trial Court having required the taking of additional evidence relating thereto (R. 43, item 5).

[6] Aro's brief, p. 2, question 1, acknowledges that the Aro top fabrics, here involved, were "*especially cut* and *intended for use* in convertible automobiles having the patented combination." Aro's brief p. 47 attempts to confuse this situation by arguing that their special tops may "by happenstance" fit other cars; but the Trial Court actually found that Aro's tops were *useless* on such other cars (R. 41, par. 8).

(R. 109) and by instructions (R. 259-60). These activities constituted a clear violation of 35 U.S.C. § 271(b), which provides that "Whoever actively induces infringement of a patent shall be liable as an infringer."

In addition, Aro maintained a "trim shop" wherein they actually installed their special fabrics, comprising the heart of the invention, on cars of all the years and models here in question (R. 107-8, 134). In so installing tops, Aro was itself making the patented invention; and was thereby a *direct* infringer, in violation of 35 U.S.C. § 271(a) (Aro's brief p. 76).

Aro, by all of the foregoing activities, induced persons to produce, and Aro itself produced, a completely new structure covered by the Mackie-Duluk claims, albeit in some cases different claims from those which had covered the original structures. For example, claim 10 of the patent includes not only the special fabric, but also an improvement feature, i.e. "a deformable element" such as part 27 on the patent drawing (R. 589). Most of the claims make no reference to the "deformable element" or to a "sealing strip" (U.S. Br. p. 5, f.n. 3). Original 1954 Fords did not have this improvement, and did not infringe claim 10 (R. 41, line 1; 192). Aro's replacement of tops on these cars, in their own trim shop, included a "shingle" found to be the equivalent of the deformable element (R. 39), wherefore Aro *added* a part not even present in the original; and thereby caused a "replaced" 1954 top to infringe claim 10, even though the original top did not.

Each claim of a patent is for a separate invention. *Leeds and Catlin Corp.* v. *Victor Talking Machine Co.*, 213 U.S. 301. Hence, an implied license under one claim of a patent never extends to another, *Priebe & Sons Co.* v. *Hunt*, CA-8, 188 F. 2d 880, 885; *Hunt* v.

Armour & Co., CA-7, 485 F. 2d 722, 729; *Smith America Corp. v. Bendix*, 140 F. Supp. 46, 54. Aro obviously had no license, implied or otherwise, to add the "deformable element" of claim 10, an improvement feature, to cars that did not have it originally.

The record further shows that Aro's seven specially designed fabrics, although embodying the heart of the invention i.e. the unique Mackie-Duluk shape, did not otherwise correspond to the original fabrics on cars for which they were designed; and the seven Aro fabrics here involved differed in style, construction and method of installation from the original fabrics (R. 624, 626, 628-33, 640-1) to such an extent that when installed, they could be distinguished from original and other replacement tops "two streets away" (R. 631). One purchasing one of these seven fabrics for installation on his car, thus ended up with a structure which was always *different* from his original structure, namely Aro's *own distinctive version* of Mackie-Duluk.

Some typical testimony of Petitioner Harold Shapiro, selected from R. 629-31, aptly summarizes the foregoing situation:

> * * * "We don't install and we don't make our tops, as far as installations, like the original factory."
>
> * * * "There is no trimmer in the country who would spend the time to reinstall a new top like in the factory. I can't go into detail because there are too many bolts and nuts to talk about."
>
> * * * "He could not install it like the factory because we don't make it the same way."
>
> * * * "We made a top for the 1952 [Ford] car, which was completely redesigned in 1953; that is, the seam structure. Actually, the size has to be

the same because it is going on the same frame, but the seam structure and the structure of the rear valance and rear curtain have been changed, and we did away with the cushion and came out with the shingle, and then we did away with the shingle. In other words, we probably had five patterns made of that particular model car, 134."

* * * "I can personally spot one of our tops two streets away," * * *

In addition to changes in construction, extensive styling changes were made. The "replacement" tops sold by Aro were offered with rear curtains of various different shapes and styles, in various fabric materials and plies, in many different colors and color combinations including "Two-Tone" tops, and even in "a variety of intriguing plaids" said to be "as smart and colorful as the Black Watch Highlanders Band" (R. 463-71).

Moreover, Aro sold and installed more than just one part of the combination.[7] Aro's tops, with a "cushion" or "shingle" thereon (R. 39 et seq.), embodied two elements of some of the claims, e.g. both the special fabric and an element equivalent to the "sealing strip." cf. U.S. Br. p. 5, fn. 3. Indeed, in their installation activities, Aro, using a changed fabric which they have

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[7] Aro's advertising literature states (R. 463-4):

"Every Aro Top comes in a neat, complete package ready to install, with simple, easy instructions enclosed. Package consists of

(a) top deck assembly
(b) back curtain
(c) all fasteners accurately installed
(d) tacks
(e) finish lace, tips and nails
(f) heavy duty zipper curtain most cars
(g) detailed illustrated sheet giving clear, easy to follow instructions for installation"

devised in "an attempt to avoid infringement" (R. 39, fn. 9), apparently even *removed* perfectly good parts from the car, as described by Aro's counsel (R. 475):

> "In installing this top in automobiles having elements similar to those as shown in Figure 2 of the Mackie patent, *the rubber molding elements 27 are first removed* in order to make room for the flap member."

The "deformable element," e.g. of claim 10, though not worn out, was thus removed from cars which had such an element, and replaced by Aro's equivalent flap. Such removal of good parts is strong evidence of reconstruction, *Connecticut Telephone & E. Co.* v. *Automotive E. Co.* (D.C. N.J.), 14 F. 2d 957, 964; aff. 19 F. 2d 990, cert. denied 275 U.S. 564. Indeed, both *Wilson* v. *Simpson*, 9 How. 109, and *Leeds and Catlin*, 213 U.S. 325, held that replacement of a distinctive *unworn* element is reconstruction.

In view of all the foregoing circumstances, it is clear that the term "replacement" is a misnomer insofar as Aro's *particular* tops, held to be contributory infringements and reconstructions of the invention, are concerned; and Aro, using their special tops, did "in fact make a new article" (cf. U.S. Brief 12, 15),[8] a "new

[8] The Government's brief, p. 12, cites a passing comment of Judge Hand to the effect that one may replace worn parts unless he produces a "new article," that is unless he reconstructs. Where, as here, Aro changes both style, and construction, the changed new top is clearly more than a repair. Certainly the purchaser considers that he has a new and different top—indeed a new article.

Changes in a structure, under the guise of repair, are strong evidence of "reconstruction," *George Close Co.* v. *Ideal Wrapping Machine Co.* CA-1, 29 F. 2d 533, 534-5, *Miller Hatcheries* v. *Buckeye*, CA-8, 41 F. 2d 619. Since replacements are made long

article" so distinct that it could be distinguished from original and other replacement tops "two streets away." (R. 631).

B. Neither Desires of Car Owners, Nor Structure of the Car Nor Business Practicalities in the Industry Require Replacement of Original Tops With the Special Mackie-Duluk Fabric

Parts of a car which require replacement from time to time are mounted in an easily removable and replaceable manner. In sharp contrast, the Mackie-Duluk shaped top fabric is not so mounted; and the trial judge was able to appreciate this from his own observations at the test demonstrations. The special fabric, the heart of the invention, is *permanently* attached (R. 86, 192) and the patent so states: "The top fabric is *permanently* fastened by rivets 21 to the rain trough." (R. 593, col. 2, line 47, emphasis added.) Neither Ford nor General Motors arranged the car or fabric to facilitate replacement of the original fabric, and there is nothing in the record to suggest that either the manufacturer or purchaser of a car expected that a new Mackie-Duluk was necessary or would be applied.

The Trial Court specifically found that the "car owner, and defendants in his stead, did not have to subject themselves to replacement royalties if they did not want to. * * * If an owner does not want to replace with plaintiff's tops, he does not have to." (R. 39, fn. 8). The Court of Appeals also noted this fact (R. 655, fn. 4).

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before needed for utility reasons (R. 33, 655), Aro must argue that replacement merely to preserve appearance is "repair". If appearance is that important, however, then Aro's *changes* in style produced a "new article." Aro's argument defeats itself.

In making an entire top "replacement," Aro (and trimmers using their tops) first completely strip the original top fabric from the car, leaving only a conventional frame structure (R. 50, 143-4) having "standard" bows thereon (R. 38). When the car is so stripped, the heart of Mackie-Duluk's invention is gone; the invention is completely destroyed, and no longer exists.[9] All that remains is, what Aro terms "background elements" (Aro's Br., p. 35). The car in its stripped state can, without any change whatsoever, receive an entirely conventional top fabric of the so-called "snap fastener" type; and the car has "boot studs" thereon adapted to receive such a prior art shaped fabric (R. 124). Indeed, Petitioner Harold Shapiro has himself stated (R. 124):

> "* * * the way it [the car] is constructed now, it has been used in both manners of installation."

Given the choice of installing either an infringing or non-infringing shaped fabric on the conventional cars here involved, Aro chose the infringing fabric shape even though a number of factors forcibly dictated otherwise. In particular, Aro admitted, and the Trial Court found, that once a car has been stripped of its original top, it is cheaper and an easier installation to rebuild the structure in a non-infringing way using a snap fastener type top, than in an infringing way using a special Mackie-Duluk type top (R. 39, fn. 8, 124-5, 213). Indeed, the use of a non-infringing top, at the time of replacement, produces a structure which, ac-

[9] Aro's brief, p. 46, states that cars "separate from the [Mackie-Duluk] top fabrics" do not have the invention thereon, and states that one would have to be "instructed * * * how to install the top fabrics to form the patented combination."

cording to Aro, is "1000 per cent more rain-proof" than the original construction (R. 213).

As discussed in more detail at p. 4 of Respondents Reply to the Memorandum Amicus Curiae, the public does not insist on a replacement with a special Mackie-Duluk fabric. Indeed Petitioner Harold Shapiro, speaking of the prior art top which Aro could have installed, said "There is no reason for not making it" (R. 124).

The foregoing is readily understandable from the findings below. The original top lasts for a period of *years* (R. 655). The car owner, at the time replacement is even first contemplated, is already possessed of an old car, years "out-of-style," and if the owner is "a person not too fastidious as to appearance" (R. 655), the car may be even years older. Upon considering replacement at all, therefore, the car owner is less concerned with mounting a particular shape of top fabric than he is with restoring the style, or appearance (R. 33, 41 fn. 10) of his aging car at least expense and difficulty. Such a less expensive and easier installation is, however, effected through use of a non-infringing shaped fabric rather than a special Mackie-Duluk fabric (R. 39, fn. 8).

C. There Was No Intention on the Part of Vendors, Owners or Petitioners to Replace With the Special Shaped Fabrics in Issue

Aro urged that the Court of Appeals consider "the normal expectation of vendors [and "of purchasers"] of convertible automobiles" (R. 645). In the instant case, however, there is not a scintilla of evidence showing that the original manufacturer, or the subsequent car owner, contemplated at the time of original sale

that the top fabric had to be replaced with the specially shaped fabric, the heart of the invention, here involved. Indeed, the normal desires of car owners, as discussed in the preceding section, are to the contrary.

Insofar as Aro's intent is of interest, Aro well knew that there "is no reason" for replacing with the specially shaped fabric (R. 124); and that a non-infringing replacement is cheaper, easier, and, at the time of replacement, apparently has certain functional advantages (R. 213).

Nor can it be said that the patentees intended any replacement of the fabric. To the contrary, Mackie-Duluk expressly described the fabric as "permanently" fastened in place (R. 593, col. 2, lines 47-8).

The Trial Judge expressly inquired, *inter alia*, into the intentions and general expectations of car owners and car vendors regarding replaceability of tops (R. 204-5); and then found against Aro. The Court of Appeals was also presented with this factual issue (R. 645); considered "the fair and reasonable intention of the parties" (R. 654); and then also found against Aro, stating that replacing the fabric "would be counted" a major reconstruction of the top assembly (R. 655). Thus, the record, and concurrent findings below, negate the presence of any implied license to replace, arising out of intention of the vendor or of anyone else.

D. The Top Fabric Is Not "Perishable"; Is Not "Frequently Replaced"; and Is Not "Worn Out" When Replaced

Aro's brief, page 49, relies on Judge Rich's statement (1949 Hearings 20) that:

> "There is another old doctrine of contributory infringement law under the Morgan Envelope

> case which has always permitted the replacement of parts which are expected to be worn out or consumed in use. * * *"

This statement, however, makes reference only to parts which the machine *consumes* or *operates upon* rather than something which is the heart of the invention. This Court recognized the distinction in *Leeds and Catlin* v. *Victor Talking Machine Co.*, 213 U.S. 325:

> "To confound its [the disc's] active co-operation with the mere passivity of the paper described in the Morgan Envelope Company is not only to confound essential distinctions made by the patent laws, but essential distinctions between entirely different things."

The Court of Appeals below distinguished cases such as *Morgan Envelope* v. *Albany Paper Co.*, 152 U.S. 425 (R. 651, fn. 2).

The Court of Appeals expressly found that the part here involved is *not* one "which expectably would wear out after a short period of use" (R. 655). Replacement ordinarily does not occur, if at all, until after a period of *years*, (R. 655) wherefore the "life" of the part here involved is of an entirely different order of magnitude from anything contemplated in prior cases (e.g. cases involving a hypodermic needle or razor blade, having a utility life of days or months at most).

A top fabric, if cared for, lasts "four or five years" even from an appearance point of view (R. 205), and "many years" (R. 33, 655) from a utility point of view. And these figures relate to cloth fabrics, stitched together, whereas modern technology, using vinyl fabrics has increased the life of tops even further, as stated by Petitioner Harold Shapiro (R. 231):

> "Today with the heat sealing and actually fusing the plastic together at the seams, I think convertible tops *will last much, much longer* than they did before."

It is clear, therefore, that with proper care a top fabric has a life of such long duration that an individual car owner may *never* replace the top fabric before disposing of his car.

The Courts below found that replacements were not so "frequent" as to indicate that entire top replacement was intended to be permissive repair, i.e. the District Court considered, *inter alia*, the test of "frequency of replacement" (R. 39), while the Court of Appeals compared "the expectable life span of the fabric" with "the expectable life span of the other components of the convertible top and of the car itself" (R. 655). Moreover, the Courts found that replacements made even after a three-year period (R. 33, 655), are not made because the fabric is "worn out"; but because of considerations of "appearance" (fn. 10, R. 41).

In speaking of a three-year "life" of the top, we are speaking of *style* life. Replacement after a three-year period takes place, not because the original top is worn out, but rather to get a "new look"; and as stated by Petitioner Harold Shapiro, the replacement top may be more up-to-date than the original, i.e. "very similar to the one we are using today" (R. 125-6). Petitioner George Shapiro has, moreover, admitted that, at the time of replacement, the original top may functionally be "in perfectly good condition" (R. 98).[10]

[10] The Government suggests that replacement is effected "to preserve the continued utility of the device purchased" (U.S. Br. p. 3); and that, at the time of replacement, the top fabric is "unusable" (U.S. Br. p. 4) and "worn-out" (U.S. Br. pp. 8 and 11). The record is, however, to the contrary.

Clearly, therefore, Aro's "replacement" tops were not sold to merely "repair" or restore the car to its original condition; and most certainly were not sold to replace a "worn out" part insofar as utility is concerned.

Moreover, while the top fabric has been characterized as having a shorter "life" than the remainder of the car, such characterization results from an attempted equating of two different things, i.e. top "style life" to automobile "utility life." A convertible automobile is obviously "out of style" after three or more years; and the "style life" of the car is accordingly substantially *the same* as the "style life" of the top. Similarly the "utility life" of the top approaches the "utility life" of the car.

The top fabric comprising the heart of the invention is, therefore, hardly "perishable." Its shortest life, by any standard, is a period of *years;* is longer in duration than that of some metal top parts associated with the fabric (see R. 641); has an ever increasing life with modern technology; and in fact has a life duration substantially the same as the "life" of the overall car, provided consistent standards of style life and utility life be applied to both the car and top fabric.

E. Top Fabric Replacement Is a Time-Consuming, Expensive and Difficult Procedure

When a top fabric of the special type here involved becomes damaged or faded, it is by no means necessary to replace the entire fabric; and much simpler and less expensive "repair" procedures are well known to Aro, to car owners, and to trimmers (R. 390, et seq.). To replace the entire top, the entire heart of the invention, is a procedure involving expenses and difficulties of an entirely different order of magnitude.

The special top fabrics here involved are not secured to the car in an easily removable manner. As described in the Mackie-Duluk patent, the "top fabric or material 20 is *permanently* fastened by rivets 21 to the rain trough 22." (R. 593). In commercial cars using a Mackie-Duluk shaped fabric, the fabric is "fastened to the trough, fastened on the rear, fastened to the pillar, and so forth" (R. 53). To replace an entire top fabric one must, due to the difficulty and time-consuming nature of a replacement procedure, normally go to a trim specialist; and replacements by the "do-it-yourself" man are negligible (R. 108).

In replacing the entire original top, moreover, the car owner is completely replacing a large and prominent structure and is faced with a major item of expense. The Trial Court found that the cost "of even the cheapest fabric" is more than 20 times that of the metal wiping arm and trough associated therewith (R. 38-9). A car owner, considering an entire top replacement, thus knows full well that he is undertaking something far more than a simple repair, and the Court of Appeals so found (R. 655).

F. Aro Failed to Carry Its Burden of Proving That There Is an Implied Right to Replace the Fabric Under the Ford and General Motors Agreements

The Trial Court expressly found that Aro was *not* protected "by virtue of certain releases or licenses given General Motors and Ford" (R. 33, fn. 1).

Aro's plea of implied license was one of affirmative defense on which Aro had the burden of proof. Aro claimed an implied license to repair worn out fabrics, but, in order to carry its burden on this question, Aro was required to show that its tops were used *only* in

those situations wherein repair is permissible; see Judge (later Chief Justice) Taft's decision in *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, CA-6, 80 F. 2d 712, 722-3; Amdur, *Patent Law and Practice*, 1935, page 687; *National M. Casting Co.* v. *American Steel Foundries*, 182 Fed. 626, 641 (C.C.D. N.J.); and *Connecticut Telephone & Electric Co.* v. *Automotive E. Co.* (D.C. N.J.), 14 F. 2d 957, 963, aff. 19 F. 2d 990, cert. den. 275 U.S. 564. This long-established rule is well stated in *Automotive Parts Co.* v. *Wisconsin Axle Co.*, CA-6, 81 F. 2d 125, 127-8:

> "* * * Ordinarily the burden rests upon the plaintiff to show patent infringement, but in circumstances such as are here disclosed, where there is an admission of sales without reservation as to the number sold for a single axle, *or the condition of the original parts* in any such axle, it would seem *only fair that the seller should assume the burden* of showing that its acts were not infringements. It would be difficult for the appellee to ascertain the facts necessary for the determination of that question. The appellant ought to have records of its sales and customers from which *the purpose for which the parts were bought* could be ascertained, *that is, whether for the purpose of repairs or for reconstruction* within the meaning of those terms as we have herein defined them." (Emphasis added.)

While Aro argues that it should be permitted to replace "worn-out" fabrics, Aro expressly admitted that it does not limit the use of its tops to such situations or, indeed, to any situation which might be considered permissible repair. Thus, Defendant George Shapiro testified (R. 97-8):

> "XQ. [By Mr. Wolf] * * * When Aro Top Sales deals or sells a kit for any top to any purchaser

do they or do they not have knowledge as to the reason for the purchase? A. No.
XQ. *Do you concern yourselves in Aro Top Sales with the reasons for particular purchases?* A. No.
XQ. * * * can you tell me whether or not you know generally *the conditions of the tops?* A. We don't know the purposes why they buy the tops.
XQ. * * * *The condition of the original tops?*[11]
A. No. * * * not unless we install it. Then again, most of us *don't even check anyway.*" (Emphasis added.)

The record shows that Aro's replacement top fabrics are purchased for a variety of reasons. They are purchased by used car dealers to spruce up a car for purposes of resale (R. 96). They are utilized when a car is "damaged in transit" (R. 97), and doubtless also after an accident wherein the entire top structure may be so thoroughly damaged that all the pillars, bows, etc. must be replaced along with the fabric, in which event there is, of course, reconstruction even under Aro's and the Government's view of the case. Aro admits that its tops are often utilized when the fabric is not truly "worn out",[12] and, to the contrary, is functionally in "perfectly good condition" (R. 98).

Clearly, therefore, Aro failed to prove that its tops are used solely for the uses which it calls permissive repair; and Aro thereby failed to carry its burden on the question of implied license.

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[11] Cf. the *Automotive Parts* quotation above, i.e. "the condition of the original parts."

[12] See *Miller-Hatcheries* v. *Buckeye*, CA-8, 241 F. 2d 619:

"He may not, however, under the guise or pretext of repairs, * * * replace parts or elements which are not worn out * * *."

See also *Automotive Equipment Co.* v. *Connecticut Telephone & Electric Co.*, CA-3, 19 F. 2d 990; cert. den. 275 U.S. 564; and see 69 C.J.S. § 287.

III. THE RULING BELOW WAS IN FULL ACCORD WITH PRIOR DECISIONS OF THIS COURT, AND, WITH STANDARDS WHICH CONGRESS REENACTED IN 1952

A. The History of This Litigation, and the Physical Exhibits and Demonstrations Adduced By the Parties Below, Are of Considerable Importance to a Full Understanding of the Case

Aro's counsel, still representing Aro herein, upon first examining the Mackie-Duluk patent "thought that there possibly might be some infringement" (R. 224); and Aro accordingly sought a license under the patent provided Aro could be assured that infringers "would be vigorously prosecuted for infringement unless they also became licensees on the same basis." (R. 474). At that time, Aro considered that licensing of, and litigation involving, the special top fabrics here involved was entirely proper.

Aro subsequently withdrew its request for a license (R. 475), not because Aro believed it was engaged in any legitimate repair operation, but because of certain changes in the top fabric which Aro made, on the advice of counsel, to avoid the patent claims (R. 39). The changes themselves evidenced lack of any "legitimate repair" considerations, for if such did characterize Aro's operation *there would have been no need to change the fabric to another thought to be non-infringing.* The Trial Court ultimately found that Aro's changes did not avoid infringement; and that the changed structure was "no simpler or cheaper, affected no possible improvement * * * [and] would never have been adopted by defendants except as an attempt to avoid infringement" (R. 39, fn. 8). In short, the entire controversy between the parties herein arose and persisted because of advice of counsel, later found to be faulty, regarding the significance of a fabric change.

The record includes extensive discovery proceedings, comprising some eight depositions, several hundred interrogatories and requests for admission, and fact stipulations. The two-week trial further included extensive testimony by expert and fact witnesses on both sides. In addition, numerous physical exhibits, constituting both original and replacement top fabrics were submitted to the Trial Judge for examination.[13] Demonstrations involving Aro's tops, installed on two different automobiles, were conducted by the expert witnesses (R. 183 et seq., 206 et seq.). The Trial Judge took an active part in these demonstrations; closely examined, measured, and questioned witnesses regarding the structures demonstrated (R. 207, 209); and based his findings in part "on my own observation at the test demonstrations" (R. 41, fn. 10).

In considering whether Aro had infringed and contributorily infringed, the Courts below were concerned with a purely factual issue, *Stiltz* v. *United States*, 269 U.S. 144. In actually finding infringement, the Courts below resolved a most complex factual situation, characterized even now by widely divergent views of the facts, i.e. the Court of Appeals was required to resolve a "*hotly contested* issue of infringement" (R. 648). The Court of Appeals, in evaluating the contentions of the parties, was benefited by physical exhibits (R. 645-6); and Aro has admitted that, absent such exhibits, a true appreciation of the factual circumstances is most difficult since, as Petitioner Harold Shapiro has stated (R. 630):

> "I can't go into detail because there are too many bolts and nuts to talk about."

[13] Pl's exhibits 11A-11E, inclusive; Def. exhibits N, N-1, O, P, Q, R, S, T, U, V. These and other physical exhibits were also presented in physical form to the Court of Appeals (R. 645-6).

The Trial Judge was, moreover, called upon to judge the credibility and qualification of witnesses; and did so in arriving at his findings (R. 36, 46-7).

In view of this history, the findings below should be accorded great weight. As stated by this Court in *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U.S. 271, 274-5:

> "Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C.A., provides in part: 'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of credibility of the witnesses.' To no type of case is this last clause more appropriately applicable than to the one before us, where the evidence is largely the testimony of experts as to which a trial court may be enlightened by scientific demonstrations. * * *
>
> "The rule requires that an appellate court make allowance for the advantages possessed by the trial court in appraising the significance of conflicting testimony and reverse only 'clearly erroneous' findings. * * * A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error."

B. The Decisions Below Are Factual and Conform to Established Legal Principles

The statute dealing with direct infringement states (35 U.S.C. § 271a):

> "* * * whoever *without authority* makes, uses or sells any patented invention * * * infringes the patent." (Emphasis added.)

When the car owner's fabric was entirely replaced with one of Aro's Mackie-Duluk type fabrics, there was a "making"; and when the car owner subsequently used the car there was a "use" and hence a direct infringement, unless the car owner had "authority" (implied license) to do so. The essential holdings of the courts below were that, on the basis of all the facts and circumstances of record, including the Courts' inspection of physical exhibits and demonstrations, Aro's operations could not be considered permissive repair. In essence, the courts found that there was no license, express or implied, which authorized Aro, or a car owner, to replace an *entire* original fabric with one of Aro's distinctive Mackie-Duluk shaped fabrics.

The Government concedes that 35 U.S.C. § 271(a) is "declaratory" of prior law, and "*left intact the entire body of case law on direct infringement*" (U.S. Br. p. 8). Since an act of reconstruction *is* an act of direct infringement, let us examine what this body of case law, "left intact," specifies.

In *Heyer* v. *Duplicator Mfg. Co.*, 263 U.S. 100, this Court considered whether replacement of a particular part of a patented combination was reconstruction, or permissive repair. In evaluating this question, this Court considered many factors, including the *cost* of the part replaced, its *life*, and its *importance* to the inventive concept. On this latter point, for example, the Court said that the gelatine bands were "less distinctive to the machine" than the cutter knives of *Wilson* v. *Simpson*, 9 How. 109. Under the facts of the Heyer case, this Court found for permissive repair; but stated, in so deciding, that the controlling criterion was "common sense applied to the specific facts."

In *Cotton-Tie* v. *Simmons*, 106 U.S. 89, this Court found replacement of a *single* part in a patented combination to be an act of reconstruction, and direct infringement:

> "The band * * * is *an element* of the third claim of the Brodie reissue. That claim is for *a combination* * * *. Whatever rights the defendants could acquire to the use of the old buckle, they acquired no right to combine it with a substantially new band, to make a cotton-bale tie. * * * As a tie the defendants *reconstructed* it, although they used the old buckle without repairing that." (Emphasis added.)

And in *Leeds & Catlin* v. *Victor Talking Machine*, 213 U.S. 325, this Court further held:

> "It will be observed how important the record is to the invention embodied in the claims * * *. It is the disc that serves to distinguish the invention—to mark the advance upon the prior art * * *." (p. 330)
>
> * * * *
>
> "* * * It would seem that, on principle, when deterioration of an *element* has reached the point of unfitness, there is a destruction of the *combination and a renewal of the element is a reconstruction of the combination*. And it would also seem on principle that there could be no license implied from the difference in the durability of the elements or periodicity in their use * * *." (p. 333)

In enacting 35 U.S.C. § 271(a), the Congress left all of the foregoing decisions of this Court "intact," and reenacted the principles of substantive patent law specified therein.

Moreover, inasmuch as substantially every circuit has so stated, it is clear that Congress, in enacting the

"declaratory" provisions of § 271(a), reaffirmed that (a) reconstruction is direct infringement; (b) that replacement of a single part can, in appropriate circumstances, be "reconstruction"; (c) that there *can* be a "heart" of a combination, replacement of which may constitute reconstruction rather than mere repair; and (d) that, in deciding between repair and reconstruction, common sense and sound judgment applied to all the facts of a given case constitutes the only workable test."

Thus, in *Davis Electrical Works* v. *Edison Electric Light Co.*, CA-1, 60 Fed. 276, the First Circuit was faced with a question of repair or reconstruction. The invention related to an improved filament for lamp bulbs, claimed for completeness in combination with a glass envelope, and electrical connectors. The filament "burned-out" after a period of use; and had a "life" shorter than the other components of the combination. The Court, upon consideration of all the facts, found that replacement of the filament was *reconstruction* since this new filament was "in essence * * * the light giving thing," just as the special Mackie-Duluk fabric is, in essence, the thing which achieved the advantages of Mackie-Duluk. The Court, in the *Davis* case, stated that use of the original envelope with the new filament was not controlling since "the glass receiver was old and common," just as the Trial Court in the instant case noted (R. 38):

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[11] The true nature of a "repair" has been commented upon by courts adjudicating cases in other fields. See *Campbell* v. *Brown*, 245 F. 2d 662, 666 (CA-5, 1957); and *Masao Hirasuna* v. *McKenney*, 245 F. 2d 98, 101, 102 (CA-9 1957). Any broad definition of "repair" in the instant case, without regard to the specific facts discussed herein, may have effects reaching far beyond those contemplated by Aro and the Government.

"However, the bows are standard, and not part of the invention. I disregard them, and also, of course, the car body itself."

The rationale of *Davis* warrants full quotation:

"We need to be careful not to be deceived by the form of things. In the planing machine every part might be renewed in succession, or every joint might be temporarily taken apart, and every element laid in disorder, without necessarily involving reconstruction. *On the other hand, in certain stages of use the essence of a device, though in appearance only a small portion of it, may be lost, and its renewal amount to reconstruction.* Whether the result is this or reparation depends less on the determination of rules of law * * * than on the direct apprehensions of questions of fact by the sound mind, trained in the common experience of mankind, and guided by the evidence laid before it. The conclusions which for the major part satisfy that apprehension must be accepted, although they may be very far from infallibility. In the absence of a crucial test to which all must yield, the only aid comes *from various minor or incidental considerations, and their combined effect.*

"We are dealing in this case, not with a lamp, nor even a so-called electric lamp, but with the particular so-called electric lamp covered by the claim in question here. In determining between reparation and reconstruction we must deal with *the essence* of that, and that only. It may be that for many patented combinations each element is, for some purposes, of equal value * * *; *but this rule is limited mainly to the question of the construction to be put by the court on the patent,* when that is in doubt. It cannot control the apprehension of courts or juries, when seeking out the substance of things, with reference to the particular determination whether what is in form reconstruction is in truth reparation, or vice versa. The

> latter question is, as already said, one largely *of fact*, appropriate in suits at law *for a jury*, under proper instructions from the court * * *." (Emphasis added.)

The Second Circuit, in *Morrin* v. *Robert White Engineering*, CA-2, 143 Fed. 519, was also concerned with a combination patent, wherein certain novel steam generating tubes were claimed in combination with conventional, longer-lived parts of a boiler "to describe the invention intelligently." The Court noted that the new generating tubes constituted "the vital element of the combination", and rendered the combination patentable; and that, in replacing the novel tubes, defendant "was not merely making repairs, but was, in fact, furnishing a new boiler essentially *reconstructed* in all of its novel features." The Court further noted, at p. 520:

> "Whether the bounds of legitimate repair have been exceeded must be determined upon the facts of each case as it is presented."

The Third Circuit, in *Hess-Bright Mfg. Co.* v. *Bearings Co.*, 271 Fed. 350, 353 (DC-Pa.) stated:

> "What is one and what the other [i.e. repair or reconstruction] the facts of each case must determine. The line, as before observed, is most difficult to draw in words of description; it is by no means so difficult to draw in fact."

The Fifth Circuit, in *Hughes Tool Co.* v. *Owen*, CA-5, 123 F. 2d 950, 952, recognized that:

> "* * * there is a debatable ground, the precise limits of which cannot be determined in advance, but must be determined on the facts of each case, between the bounds of legitimate repair and infringing reconstruction."

The Sixth Circuit, in *Automotive Parts Co.* v. *Wisconsin Axle Co.*, CA-6, 81 F. 2d 125, 127 stated:

> "* * * *Every case, as we have said, must be decided on its special facts and circumstances* For example, there might be a structure where the putting in of a certain number of new parts would be 'reconstruction,' whereas the putting in of a smaller number would be 'repair,' *or even where the putting in of one new part would be reconstruction* but the putting in of two or three would not be, depending in each case upon whether, after the replacement, the structure as a whole could reasonably be said to be a new structure or the old one. The difficulties that are sometimes encountered in arriving at a correct conclusion in such cases do not arise from any vagueness or uncertainty in the rule or test to be applied, but from the necessity of determining which of the two classes of parts, those supplied or the remaining original parts, *dominates the structure as a whole.*"[15] (Emphasis added.)

The Eighth Circuit, in *Miller Hatcheries* v. *Buckeye Incubator Co.*, CA-8, 41 F. 2d 619, was of the same view and, at p. 622, quoted with approval *Goodyear Shoe Mach. Co.* v. *Jackson*, 112 Fed. 146, 150, also quoted by the Court of Appeals below (R. 654).

And the Tenth Circuit, in *Williams* v. *Hughes Tool Co.*, 186 F. 2d 278, 283-4, certiorari denied, 341 U.S. 903, held:

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[15] The District Court found that even under the test of the case, there was a reconstruction. (R. 39):

> "Whether the test be that of substantial reconstruction, *domination of the part replaced*, or frequency of replacement I find that replacing the fabric is not permissive repair (Emphasis added.)

The Court of Appeals agreed (R. 655).

"* * * In these respects, we think the instant case is analogous to the case of Davis Electrical Works v. Edison Electric Light Co., 1 Cir., 60 F. 276, 278, 282, where a *combination patent* for an electric lamp was involved. * * *

"The court held that the replacement of an attenuated carbon filament, *one element in the combination,* was reconstruction and not permissible repair, *because all of the elements other than the filament were old, and the filament and its use in the relation described was the new element in the combination and produced the improved results.*

"The instant case is also analogous to Morrin v. Robert White Engineering Works, 2 Cir., 143 F. 519, * * * tubes of specified form and *shape* constituted the *vital element of the combination.* * * * The Court held that the replacement of sets of tubes in the patented device was not permissible repair, but was, in fact, furnishing a new boiler *essentially reconstructed in all of its novel features,* and constituted infringement.

"Williams, by his process of retipping, undertakes to restore *worn-out* teeth * * * [and] thus reconstructs and replaces that element of each patent *wherein lies the novel features of the combination.* We hold that so doing is not permissible repair, but reconstruction, constituting infringement." (Emphasis added.)

C. The Ruling Below Was Based on Many Factors Not Mentioned by the Government

In commenting on the decision below, the Government (U.S. Br. p. 2) mentions what it believed to be "the ground" upon which the Court of Appeals based its decision. The decision, however, on its face, reveals that the Government's analysis of the decision is rather oversimplified.

The Court of Appeals noted that the "basic question" argued before it related solely to the issues of repair and reconstruction, and contributory infringement under 35 U.S.C. § 271(c) (R. 648-9). In deciding this "basic question," the Court of Appeals considered "all the facts and circumstances presented" (R. 654, line 18); including some fifteen factual considerations argued by the parties on appeal (see e.g. some facts argued by Aro, R. 645, R. 639-40); and quoted from one of its own prior cases which, said the Court, "neatly and succinctly" presented certain factors which it considered (R. 654).

Thus, the Court of Appeals noted, *inter alia*, the following factors:

(a) The Court stated "In addressing ourselves to this [basic] question we turn first to the patent in suit and its prior art." (R. 649). The Court thus considered some or all of the fifty patents and publications, foreign and domestic, made of record by Aro; and thereby saw that *the patentee's contribution to the art, the heart of the invention, was the new fabric shape and fastening, which is the exact thing that Aro removes and replaces.* The history of the art, of course, also gave the Court a clear appreciation of the problems involved and the understandings of persons in this business.

(b) The Court further considered "whether the shape of the patentees' fabric constituted 'a material part of the invention' [in accordance with 35 U.S.C. § 271(c)]" (R. 652); found that it *was* (R. 654); and further noted that the fabric shape had "patentable novelty" (R. 651).

(c) The Court also considered "the fair and reasonable intention of the parties" (R. 654, lines 21-2).

In this respect, as already discussed, those parts of a car which in the view of the manufacturer, need frequent replacement are attached in an easily removable way; but the special fabric, the heart of the invention here involved, is *permanently* attached (R. 86, 192), and the patent so states: "The top fabric or material is permanently fastened by rivets 21 to the rain trough." (R. 593, col. 2, line 47). Moreover, as further discussed, it is a very difficult and time consuming job to apply a new top constituting the heart of the Mackie-Duluk invention, whereas the car will easily and quickly receive a non-infringing top in event replacement is desired, and the District Judge so held (fn. 8, R. 39):

> "Defendants admitted that is even cheaper, and easier installation, to replace with the outside-snap type than with a new Mackie-Duluk. However, this is not what defendants do."

Replacement of an entire top fabric of the type here involved is *not* normally considered a "repair" by car manufacturers or owners; and the Court specifically found that such entire top replacement "would be counted a major reconstruction of the top assembly," rather than a mere repair thereof (R. 655).

(d) The Court of Appeals further considered "the scope, nature and purpose of the patented invention" (R. 654, line 20), as well as "the specification and claims of the patent" (R. 654, line 23); and noted that the claims, while cast in combination form, recited mere background elements in conjunction with a unique fabric top "of a particular form or shape" (R. 651) i.e. the unique fabric represented the heart and inventive novelty of the combination.

e) The Court further considered "the condition of decay or destruction of the patented device or machine" (R. 654, line 24). As already discussed, Aro admitted that at the time of replacement the original top could functionally be "in perfectly good condition" (R. 98). Top replacements are *not* ordinarily effected because the original top is non-functional or "worn-out", but are made "because of convertible owner's interest in appearance" (R. 41, fn. 10). In looking into this question, the Court of Appeals was aided by physical exhibits constituting actual top fabrics taken from various automobiles, and submitted to the Court of Appeals for examination (R. 645-6, 232 *et seq.*).

f) The Court also inquired into the various factual criteria spelled out in 35 U.S.C. § 271(c); and expressly found that, under the facts and circumstances of this case, every one of these criteria was met by Aro's sale of their special fabrics, embodying the heart of the invention (R. 654-5).

g) The Court, in addition, considered those factors mentioned by the Government (U. S. Br. p. 2), *i.e.* the "life of the fabric" and the cost of a replacement procedure (R. 655).

h) In addition, the Court specifically noted and agreed with the District Court's "finding of infringement" (R. 655); and thereby considered the "domination of the part replaced" and the "frequency of replacement" (R. 39), as well as *changes* to the car and fabric made by Aro in the course of their so-called "replacement" (R. 39 *et seq.*). In this respect, it should be recalled that Aro's "replacement" tops, when installed, produced a "new article" of such uniqueness that it could be distinguished from original

tops, and the replacement tops of others, "two streets away" (R. 631).

It was on the basis of *all* the foregoing, and much other material, presented to the Court of Appeals, that the Court then decided the instant case "on its own facts, pretty much as an individual instance." (R. 654). The instant case turns on a very special, highly complex factual situation; and the Court of Appeals decided the case on the basis of "all the facts and circumstances presented," not just those few factors recited in the Government's brief.

D. The Government's New "Test" Is Contrary to the Case Law "Left Intact" By 35 U.S.C. § 271(a)

In presenting a new test for determining questions of repair and reconstruction, the Government states that, for reconstruction to occur, there must be "a second creation of the patented *entity*"; and, by way of clarifying this premise, that "Mere replacement of individual unpatented parts one at a time, whether of the same part repeatedly or different parts successively, is no more than the lawful right of the owner to repair his property." (U.S. Br. p. 15)

The Government's test, as thus stated, can be characterized as the "last nut and bolt" test; for no matter what parts are replaced, no matter what the circumstances of replacement, no matter what the intentions of the parties, reconstruction should never be considered to occur, says the Government, *unless every single part of the combination, down to the last nut and bolt, is replaced simultaneously.* Frequency of replacement, and its expense, should be disregarded, says the Government (U.S. Br. p. 4); as should be the fact that "the fabric's particular shape was the

advance in the art which brought the combination up to the inventive level," and considerations regarding the durability of the part, difficulties in its replacement, and the standard or background nature of parts not replaced (U.S. Br. pp. 13-14).

This "test" finds no support in the body of law "left intact" in "declaratory" § 271(a) (*cf.* U.S. Br. p. 8), and would require reversal of every case cited above which found for reconstruction, including decisions of this Court. Interestingly enough, in *Williams* v. *Hughes Tool Co.*, 186 F. 2d 278 (C.A. 10), certiorari denied, 341 U.S. 903, the Government also filed a Memorandum *Amicus Curiae*, and conceded (U.S. Memo., No. 561 Oct. T. 1950, p. 6) that:

> "* * * whether a particular repair on a particular patented combination is *of such major character* as to constitute a reconstruction of the combination would not, ordinarily, it may be assumed, be regarded as a question warranting review by this Court." (Emphasis added)

At that time, therefore, the Government was clearly of the view that the question of reconstruction was entirely factual, and that reconstruction could well occur without replacement of every part. It is submitted that nothing has occurred in the ten years since *Williams* to warrant adoption of the Government's new view; and that, quite to the contrary, the enactment of the Patent Act during that time interval showed a clear intent on the part of Congress to adopt the tests of the case law then in existence.

Nor is the Government's test even necessary to clarify the understanding of the courts; for, as stated in the *Automotive Parts* case, 81 F. 2d 125, 127, *supra*:

"The difficulties that are sometimes encountered in arriving at a correct conclusion in such case *do not arise from any vagueness or uncertainty in the rule or test to be applied*, but from the necessity of determining which of the two classes of parts, those supplied or the original remaining parts, dominates the structure as a whole." (Emphasis added.)

The Courts below, in considering the entire record, and in giving attention to all the facts and circumstances adduced therein, was therefore applying the only test of any practical use in this complex factual area.[16] Just as this Court, in *Graver Tank* v *Linde Air Products*, 339 U.S. 605, 609, stated that another factual question in the patent law, equivalency, "must be determined against the context of the patent, the prior art, and the particular circumstances of the case," and that that factual issue "in the patent law, is not a prisoner of a formula and is not an absolute to be considered in a vacuum," so also should the equally complex factual issue of reconstruction be decided when it arises.

[16] This Court, in *C.I.R.* v. *Duberstein*, 363 U.S. 278, recently had occasion to reject a broad test suggested by the Government in another field; and held that the test was not applicable since the question there involved required factual determination on a case by case basis. Much the same situation is involved in the instant case since no two combination patents can involve the same combination, wherefore any two courts, considering any two different combination patents, must necessarily be concerned with entirely different factual circumstances.

E. The Congress, in Enacting 35 U.S.C. § 271, Recognized That Evaluation of All the Facts in an Individual Case Represented the Only Workable "Test"

In considering the provisions of H.R. 3760, 82nd Cong., First Sess., (1951) Congress investigated the effect of the proposed statute on manufacturers of replacement parts. The 1951 Hearings, p. 153, includes the following:

> "Mr. Crumpacker: We have received protests from manufacturers of replacement parts for such things as automobiles, farm tractors and the like who evidently feel that the language used in this H.R. 3760 would make them contributory infringers of patents on the original article, the tractor or something of that sort.
>
> * * * *
>
> "Mr. Rich. Those were the most vociferous objectors to the old bills on the subject. *Whether or not they would be liable would depend on the facts in each particular case* * * *." (Emphasis added.)

It is significant that Aro, in quoting this same section of testimony at their brief p. 50, omitted the testimony emphasized above. Indeed, at Hearings p. 156, *ibid.* Judge Rich stressed the foregoing in stating:

> "But you have to go into the facts, and the court has to go into the facts * * *".;

and in again stating, p. 157, *ibid.*:

> "Well, in each case you would have to look at the details * * *."

Other witnesses testified to similar effect. Thus, Mr. Neave stated at p. 112, *ibid.*:

> "Mr. Rogers: It is not so much as to which way it may go as to how far a man must act before he

becomes a contributor to an infringement.

"Mr. Neave: That is always a matter depending upon the facts themselves."

Even the witness McCabe, who strongly opposed the bill, testified at p. 144, *ibid.*, regarding the suitability of a part for substantial non-infringing use, as follows:

> "Here is a case it seems to me where we have to leave it to the discretion of the court that can judge the infringer or the contributing infringer from the facts, and can handle them."

Indeed, the Justice Department stated at p. 53 of the 1949 Hearings (H.R. 3866, 81st Cong., 1st Sess.):

> "Whether an article is a 'staple article' of commerce, whether it is 'especially made' for use in a patented invention, whether it is 'adapted' for such use [i.e., as the statute states, 'adapted for use in an infringement of such patent'], whether it is 'suitable for actual commercial non-infringing use' *are questions of fact and matters of subjective judgment* upon which there is little likelihood of unanimity.
>
> "Nor is a decision in one case likely to be of much help in another case * * *."

Congress was thus well aware of the importance of factual determinations; and in enacting Title 35 U.S.C., approved the factual tests which had prevailed over the years, the very tests employed by the Courts below in the instant case.

F. The Government's Test Is Not Supported By Wilson v. Simpson, and Is in Fact Contradicted Thereby

The Government, in presenting its new "far more direct" test of reconstruction (U.S. Br. p. 15), suggests that its test is based upon *Wilson* v. *Simpson*, 9

How. 109 (U.S. Br. pp. 10-11). The actual test suggested by the Government, however, is inconsistent with the holding of that case.

The Court of Appeals below, at R. 652-3, quoted from *Wilson* v. *Simpson*, and noted that, in its view, "the rule stated and applied in *Wilson* v. *Simpson* * * * is still the rule" (R. 652). In the section quoted by the Court of Appeals, this Court noted that certain cutter knives there in question required very frequent replacement; and that absent such replacement, said this Court, "his machine *would have been useless to him*, except for sixty or ninety days after a machine had been put in use." The situation in the instant case is clearly otherwise. Neither the car nor its top is "useless" at the time of replacement.

This Court further noted that the right to replace the cutter knives in *Wilson* v. *Simpson* was *"not because they are of perishable materials"*; but because

> "the inventor of the machine *has so arranged them as part of its combination*, that the machine could not be continued in use without a succession of knives at *short intervals.*" (Emphasis added.)

This is not true in the present case. The convertible cars here involved are themselves entirely conventional, and are *not* "so arranged" that the top fabric thereon must be replaced with the particular fabric shape here involved, much less at "short intervals." Indeed, the car is so arranged that any of various different tops may be placed thereon without any change to the car, and without detracting from car utility; and one of these possible forms of tops, non-infringing in character, is far easier and cheaper to place on the car than the infringing structure here involved. Moreover, both Courts below found that

"frequent" replacement is *not* required (R. 39, 655), *e.g.* the Trial Court considered, *inter alia*, the test of "frequency of replacement."

This Court, in finding the cutter knives of *Wilson* v. *Simpson* to be permissively replaceable, stressed that they were "*meant* to be only *temporary* in use of the whole, and to be *frequently* replaced" and that "the purchaser uses [the machine] in a way the inventor *meant* it to be used." This factor of "intention," which appears to characterize the "rule" of *Wilson* v. *Simpson*, was stressed by this Court, in a subsequent decision, *Cotton-Tie* v. *Simmons*, 106 U.S. 89:

> "The principle of that case [Wilson v. Simpson] was that temporary parts wearing out in a machine might be replaced to preserve the machine, *in accordance with the intention of the vendor*, without amounting to a reconstruction of the machine." (Emphasis added.)[17]

Moreover, in *Wilson* v. *Simpson* this Court stated that, in appropriate circumstances (again depending primarily on intention), replacement of some parts, constituting less than every part of the combination, might well be reconstruction:

> "The other constituent parts of this invention, though liable to be worn out, are not made with reference to any use of them which will require them to be replaced. These, without having a definite duration, are contemplated by the inventor to last so long as the materials of which they are

[17] See also, *Withington-Cooley Mfg. Co.* v. *Kinney*, CA-6, 68 Fed. 500, 506 (Taft and Lurton, J.J.):

> "The duration and scope of a license must depend upon the nature of the invention and the circumstances out of which an implied license is presumed, and both must at last depend upon the intention of the parties."

> formed can hold together in use in such a combi nation. No replacement of them at intermediat intervals is meant or is necessary. They may b repaired as the use may require. With suc intentions, they are put into the structure. S it is understood by a purchaser, *and beyond th duration of them a purchaser of the machine ha not a longer use.*" (Emphasis added.)

Thus, while the Government would suggest that replacement of a single part should always be permissive repair, this Court itself has held to the contrary; and has expressly noted that permissive replaceability of a part must be determined from intention of the parties, a factor which the Government's test ignores.

The Courts below were fully aware of the real "rule" of *Wilson* v. *Simpson*, and applied that case correctly to the fact situation here involved. Aro urged that the Court of Appeals consider "the normal expectation of vendors of convertible automobiles" as well as "the normal expectation of purchasers of convertible automobiles." (R. 645). The Court of Appeals in turn stated that, *inter alia*, it was considering "the fair and reasonable intention of the parties" (R. 654); and the Court then found that replacement with the particular fabrics here involved "would be counted" a true and major reconstruction of the top assembly, rather than a mere repair thereof (R. 655).

In finding against Aro, therefore, it is clear that the Court of Appeals applied the very criteria which this Court has stated to be controlling. The decision below represented no more than an ultimate finding of fact, based on these criteria.

G. The Patent Act of 1952 Was Intended to Broaden and Strengthen the Patent System, and Reaffirmed the Doctrine of Reconstruction

At the hearings preceding enactment of the Patent Act of 1952 it was almost unanimously agreed that the patent system should be broadened and strengthened. Indeed, the principal witness from the Department of Justice said that "patents will play a large part in the expansion of industry incidental to the National Defense." The Department of Justice approved a number of broadening provisions of the proposed law, *but objected to eight others mainly on the ground that they would enlarge the patent monopoly. However, Congress passed all eight with only one very minor change.*[18] The Hearings cited in footnote 18 show that the Department of Justice was the only Government agency that objected to the sections here in issue, whereas they were unanimously approved by the agencies interested in research, including the Army, Navy and Air Force (pp. 150, 78), Commerce (pp. 101, 180), Agriculture (pp. 85-7), and the National Advisory Committee for Aeronautics (p. 84).

A review of the hearings shows that Congress almost invariably rejected proposals to narrow the law, and with equal consistency favored suggestions to broaden the law. In more recent years, Congress has gone even further. It has even given patentees special tax treatment for the express purpose of stimulating invention (S. Rep. No. 1622, p. 114, 83rd Cong. 2nd Sess., 1954).

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[18] See the hearings before the House Committee of the Judiciary on H.R. 3760 (Patent Law Codification and Revision) 82nd Congress, 1st Sess. (1951), pp. 91-98.

It is obvious, therefore, that Congress clearly intended that persons like Aro should not be free to reap profit, without payment of a reasonable royalty, by selling articles embodying the heart of the invention especially when, based on all the facts, there was a clear reconstruction under then existing law.

The question of infringement by the supplying of "replacement parts" was before Congress throughout its consideration of the bills here involved. See the Hearings on H.R. 3866 (1949), e.g. pp. 18, 26, 32, 53, 58-9, and especially 86-7 (wherein Congress was expressly advised of prior decisions on the issue of repair and reconstruction, including this Court's decisions in *Wilson* v. *Simpson*, 9 How. 109, and *Heyer* v. *Duplicator*, 263 U.S. 100); and see the Hearings on H.R. 3760 (1951), e.g. pp. 153, 155-6, and 206. Congress was fully aware of the doctrine of repair and reconstruction, and the possible liability of replacement part manufacturers; and in enacting § 271, clearly reaffirmed established law on the question of reconstruction, and showed that § 271 was to apply fully to replacement part manufacturers such as Aro.[19]

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[19] The established law on reconstruction was presented to Congress, for example by the Association of American Railroads which strongly opposed the bill but stated (1949 Hearings pp. 86-7):

> "It is a *long and well established doctrine* that the owner of a machine covered by a combination patent has the right to replace broken or worn parts, not separately patented, if such replacement constitutes repair or maintenance of the machine *and does not amount to a substantial reconstruction.*" (Emphasis added.)

The Association of American Railroads approved the existing law, but was concerned that the new statute might extend it. The Courts below, in finding that Aro reconstructed, did not hold that there was any extension of the law, and applied the law as stated by the Association of American Railroads, i.e. the Trial Court found Defendants liable even if "the test be that of *substantial reconstruction*" (R. 39, emphasis added).

Moreover, the legislative history shows that the Justice Department, in testifying before Congress, presented much the same arguments which it now presents to this Court. Thus, in the Hearings on H.R. 3866 (1949) Mr. Stedman urged that the bill not be passed since it would render "a supplier" of parts liable for contributory infringement (p. 52); and would render liable persons who sell an article specially adapted for use in a patented machine which the patentee "has sold" or "has licensed" (p. 53). Stedman further urged (as does the Justice Department here) that a patentee should be given no protection for a part claimed in combination with other parts, but should be protected only if the part is claimed per se (*ibid*, pp. 56, 58). Indeed, and *most importantly*, at pp. 58-9, Stedman went into this Court's decision in *Leeds & Catlin*, 213 U.S. 325 (on the issue of repair or reconstruction), and strongly urged that Congress *reject* the bill before it, since "the bill would inevitably restore [the doctrine of *Leeds & Catlin*]" (*ibid*, p. 59).

Congress *rejected* all of these arguments and thereby reaffirmed (or, as the Justice Department stated, "inevitably restored") the principles of patent law, and the doctrine of reconstruction, announced in *Leeds & Catlin*. It is submitted therefore that the Justice Department's present contentions correspond to those made unsuccessfully to Congress; and represent an effort to have this Court alter the patent law in a way that Congress was unwilling to alter it. Proper consideration for the legislative function requires that these contentions, renewed here, be rejected by this Court.

H. The Anti-Trust Cases Cited By Aro and the Government Are Not in Point; There Is No Misuse in the Instant Case

In *Carbice Corp.* v. *American Patents Development Corp.*, 283 U.S. 27, a patentee sought to monopolize the sale of a staple article of commerce—*dry ice*, by granting a license to use a patented transportation package for the dry ice only if the dry ice itself was purchased from the patentee. This case is clearly irrelevant, for as stated by this Court:

> "It [the patentee] may exact as the condition of the license a royalty or license fee. But it may not exact as a condition of a license that unpatented materials used in connection with the invention *shall be purchased only from the licensor****."
>
> * * * *
>
> "The case at bar is wholly unlike *Leeds & Catlin* v. *Victor Talking Machine Co.*, 213 U.S. 325, 333, on which plaintiffs rely. This was an ordinary case of contributory infringement. The Victor Company sold machines embodying a patent for a combination. Leeds & Catlin were held infringers because the intended incorporation in the Victor machines of the article which they sold, did not constitute a repair of the machine and hence was not within the license implied on sale." (Emphasis added.)

In *Motion Picture Patents Co.* v. *Universal Film Co.*, 243 U.S. 502, the situation was similar, in that the patentee sought to license its patented motion picture projector on condition that the licensee show only the patentee's films, thus creating a monopoly in films. No such private contract, restrictive notice, or requirement is even remotely involved in the instant case.

The Government apparently relies on *Motion Picture Patents*, for its discussion of public policy considera-

tions in the Clayton Act, 15 U.S.C. 14 (U.S. Br. pp. 9-10). However such considerations are not here involved, since the private agreement which characterized *Motion Picture Patents* is not present in this case. Moreover, it must be recalled that the Clayton Act is an enactment of Congress. The later enactment of 35 U.S.C. 271(d) expressly carves an exception to the Anti-Trust laws, and must prevail; particularly since, as the Government acknowledges, the questions involved in this case "are primarily ones of substantive patent law" (U.S. Br. p. 9).

It is submitted that the *Motion Picture Patents* case was concerned solely with the effect of a collateral agreement on the scope of the patent monopoly; but had no effect on the issue of repair and reconstruction. See *George Close Co.* v. *Ideal Wrapping Machine Co. et al*, CA-1, 29 F.2d 533, 534-5:

> "Undoubtedly, the Motion Picture decision *** narrowed the field of patent-infringement suits *** But this decision did not cut down the fair meaning and operation of the three words, 'make, use, and vend' in the patents statute. The changed view of the Supreme Court, as to the relation of collateral agreements to the scope of the patent monopoly, *involved no change in the law relative to reconstruction and repair. What was 'to make' within the meaning of the patent law before the Motion Picture decision, is 'to make' within the law since that decision.*" (Emphasis added.)

Nor do the decisions below in any way contravene *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U.S. 661. At p. 665, this Court noted that it deemed it improper for a patentee to use the patent "as the effective means of restraining competition with *its* sale of an unpatented article." The basic holding of

Mercoid was summarized by Mr. Justice Frankfurter (p. 676):

> "The Court holds in effect that the owner of a patent who exacts, as the condition of a license, that unpatented materials used in connection with the invention *shall be purchased only from the licensor* cannot obtain relief from equity against one who supplies such unpatented materials ***. In this view I concur." (Emphasis added.)

It is clear, however, that Mercoid does not apply in a different fact situation, *Transparent Wrap* v. *Stokes and Smith*, 329 U.S. 637. Indeed, in *Automatic Radio Mfg. Co.* v. *Hazeltine Corp.*, 339 U.S. 827, 831, this Court considered a situation wherein a patentee had a number of patents, and charged a royalty on everything that the licensee manufactured in the radio field whether covered by a patent or not. In holding this legal, this Court distinguished all of the "Tie-in" cases including *Mercoid*, as follows:

> "First, It is insisted that the license agreement cannot be enforced because it is a misuse of patents to require the licensee to pay royalties based on its sales even though none of the patents are used. *** Petitioner directs our attention to the 'Tie-in' cases. These cases have condemned schemes requiring the purchase of unpatented goods for use with patented apparatus or processes, prohibiting production or sale of competing goods, and conditioning the granting of a license under one patent upon the acceptance of another and different license.
>
> "Petitioner apparently concedes that *these cases do not, on their facts, control the instant situation. It is obvious that they do not. There is present here no requirement for the purchase of any goods.* Hazeltine does not even manufacture or sell goods ***."

The Report of the Attorney General's National Committee to Study the Anti-Trust Laws (1955), p. 239, expressly approved *Hazeltine*.

During the hearings on the new Patent Act the Department of Justice construed *Mercoid* as holding that "the doctrine of contributory infringement has been greatly narrowed if not completely abolished in all cases where the holder of a combination or process patent is also a *seller* of standard or unpatented material" (1951 Hearings, p. 208, emphasis added). Judge Rich agreed that the misuse doctrine did not apply to one who does not sell unpatented parts (p. 171). And at the hearings on the earlier bill (H.R. 3886; 1949) Mr. Stedman, speaking for the Anti-Trust Division, said (p. 77):

> "It is only when he attempts *to sell* a single unpatented unit that he gets into misuse." (Emphasis added.)

In the instant case, as in the *Hazeltine* case, respondent does not manufacture or sell any goods. Respondent has at no time sought to require, as a condition for license, that any article whatsoever be purchased from it or anyone else; nor has respondent ever attempted to use the patent to secure to itself or anyone else any competitive advantage in the sale of goods. Respondent has merely sought, unsuccessfully, to license Aro under the patent. Such actions have never been condemned by any court, certainly not by *Mercoid*. Indeed, *Mercoid* itself supports the decisions below, for absent misuse, that case itself holds that a contributory infringement is properly enjoinable, 320 U.S. at page 668.

In all the misuse cases cited, the patentee used his patent to compel *purchase of an unpatented article* from a source designated by him. Nothing of the kind has been done here. The car owners and trimmers are free to buy wherever they please. None has been told that a license will be refused unless he buys from the patentee or any other source. *There is no suggestion in the record that the sale of even a single top was diverted to or from Aro, or to or from anyone else, by reason of any conduct whatsoever of either respondent or anybody else.*

Respondent recognizes that top fabrics of various shapes can be installed on the cars here involved; and that Aro could sell various tops for these cars without any license, *i.e.* as the District Court found (R. 39, fn. 8):

> "In other words, the car owner, and defendants in his stead, did not have to subject themselves to replacement royalties if they did not want to."

Respondent has indeed recognized that Aro would be at no competitive disadvantage if they sold a top other than Mackie-Duluk; that no customer would be deprived of a top, and no car forced into disuse, if Aro chose not to take a license; and that indeed, there would be an *advantage* in Aro's selling another form of top due to the easier and cheaper installation which results. Aro's actual course of action, in these circumstances, reduces to a clear attempt, by the *national leader* in this field (Aro's Br. p.5), to show that patents can be ignored with impunity provided the company doing the ignoring is sufficiently large and powerful.

IV. THE "BASIC QUESTION" DECIDED BY THE COURT OF APPEALS IS THE ONLY QUESTION TO BE CONSIDERED HERE

A. The Real Issue Before This Court Does Not Encompass Several of the Questions Raised in the Petition

Four questions were presented to the Court of Appeals below by Aro (R. 642); and only one "basic question" was argued (R. 648). Aro's four questions were submitted pursuant to Rule 24(3)(b), Rules of the United States Court of Appeals for the First Circuit (1953), which requires a statement of questions by an appellant, and specifies:

> "Ordinarily no point will be considered which is not set forth in or necessarily suggested by the statement of questions involved."

Questions 1 and 2 of Aro's four questions related solely to the issues of repair vs. reconstruction (R. 642). Questions 3 and 4 on appeal below related solely to the issue of infringement and contributory infringement under 35 U.S.C. § 271 (1952). These four questions, *in toto*, were well summarized by the Court of Appeals in the "basic question" recited by that Court.

No question was submitted to the Court of Appeals regarding constitutionality of the Patent Act (cf. Pet. question 2);[20] nor was any specific question presented to the Court of Appeals regarding alleged misuse arising out of a territorial grant and/or out of cor-

[20] Aro's brief before this Court, pp. 2-3, presents four questions which are different in numeration, and sometimes in context, from those presented in its Petition. The changes are sometimes significant, e.g. Brief question 2 refers to a "release" never mentioned in the Petition questions. Respondent has concerned itself with the Petition questions in this brief in an effort to avoid confusion arising out of these question changes.

porate relationships (cf. Pet. question 4). It is accordingly submitted that issues raised here by Aro's questions 2 and 4 should be disregarded by this Court; see *Duignan* v. *United States*, 274 U.S. 195, 200, and the many cases cited therein.

Certain further matters were never presented to the Court of Appeals for review. The District Court held (R. 38) that the defense of repair was not available to Aro, insofar as Ford cars are concerned, because those cars were unlicensed. In this connection the District Court construed the settlement agreement with Ford, executed long after the infringing cars were all on the streets, as not extending to Aro (R. 33, fn. 1). None of Aro's questions on appeal below sought a different interpretation of the Ford agreement.

Aro never questioned the validity of the Mackie-Duluk patent, or the standard of invention which should be applied, or the constitutionality of the Patent Act, in the Court of Appeals. Insofar as Aro discusses such questions in its brief (pp. 69 *et seq.*) the issues are new; and appear to have been afterthoughts.

Moreover, notwithstanding the extensive discussion regarding alleged violation of the anti-trust laws in its brief, Aro never raised such questions anywhere below. Insofar as Aro seeks an award of treble damages from this Court (Aro's brief, p. 75) it would appear that Aro seeks to convert the instant suit from a patent case to an anti-trust case, with this Court to sit as a trial court on the matter without even a prior pleading directed to any alleged anti-trust violation.

B. The Proposed Rules of Law Propounded By Aro and the Government Cannot, Under the Facts of This Case, Extend to Ford Cars

Every case wherein the question of repair or reconstruction arises at all, must necessarily involve a device originally sold under license of the patentee or his licensee, for if the device involved was *not* sold under original license, then all questions of repair or reconstruction are moot. Where the issue of repair or reconstruction does arise, therefore, considerations regarding release of the original structure from the patent monopoly, by reason of an original sale, are not involved. The original license, and any license which may be implied therefrom, never extends to reconstruction.

In sharp distinction to the foregoing, if the original device is sold, not by the patentee or his licensee, but by an infringer (i.e., if the original device is an "infringing article"), one who even repairs the infringing article is by such act of repair himself an infringer; for, by so repairing the article, he perpetuates the infringement. See *Thomson-Houston Electric Co.* v. *Ohio Brass Co.*, CA-6, 80 Fed. 712, 722-3; *Remington Rand Business Service* v. *Acme Card System Co.*, CA-4, 71 F.2d 628, 630; and *Union Special Machine Co.* v. *Maimin*, 161 Fed. 748, 750.

The Trial Court correctly found that entirely different questions are here involved, insofar as Ford and General Motors cars are concerned (R. 38):

> "I pass to the question of infringement. This has two aspects. Some cars manufactured and sold with Mackie-Duluk tops [General Motors cars] were licensed. Others were not [Ford cars]. As to the former, defendants are protected if their fabrics are to be regarded as mere repair, and not reconstruction. As to the latter, defend-

ants have no protection against a claim for contributory infringement under § 271(c) if they made a material part, with knowledge that it was to be used in a patented structure, which was not a staple article of commerce suitable for substantial non-infringing use." (Matter in brackets added.)

The Trial Court thus found that the defense of "repair" could *not* be raised against Ford cars, since these cars were unlicensed. Whatever this Court's view be toward the Government's new test of reconstruction, it is submitted that Aro must nevertheless be liable for its Ford activities, for, at the very least, having "repaired" infringing devices.

The Trial Court's findings would seem to dispose of all issues here involved insofar as Ford cars are concerned. If this Court wishes to re-examine the record, however, a full discussion of the Ford agreement will now be given.

A top fabric of the Mackie-Duluk type appeared on certain Ford Motor Company automobiles, roughly during the years 1952-1954 (R. 33). Ford was charged with infringement of the patent; and the Ford agreement settled this charge. This settlement agreement was executed on July 21, 1955. Let us, therefore, examine the situation on the day before, i.e., July 20, 1955. As of this date, *Ford had already completed its manufacture of all the cars here involved;* these cars were on the streets; every such car was already an infringement of (not licensed under) the Mackie-Duluk patent; and Aro had been manufacturing and selling their Mackie-Duluk type fabrics for, and installing such tops on, these cars for more than one and a half years after notice of infringement. As of July 20, 1955, there was no agreement anywhere in existence which could have aided Aro in escaping

liability for at least one and a half years of infringement [i.e. for, at the very least, repairing an infringing article].

The situation was not changed, insofar as Aro was concerned, when the Ford agreement was signed the next day. As the Trial Court held, Aro was not protected "by virtue of certain releases or licenses given General Motors and Ford" (R. 33, fn. 1); and (R. 27):

> "On its face the agrement demonstrated an intention not to release persons like the defendants who had made replacements in the past * * *"

These findings are clearly correct. Paragraph 1 of the Ford agreement releases certain infringers but does not release Aro, or various other infringers. For example, the release extends to "Ford * * * [and] *its* * * * dealers". Independent dealers, e.g. in used cars, who are not "its dealers" of Ford, were and still are liable for infringement. Aro supplied replacement tops to such independent used car dealers (R. 94); and in such a transaction neither the seller nor purchaser was released by the Ford agreement, and both were infringers. Moreover, the limited release to certain infringers did not "erase" the infringement, i.e. the infringing cars were and *still are* infringing articles, see *Conmar Products Corp.* v. *Tibony*, 63 F. Supp. 372 (DC-NY, 1945). Nor, as held in the *Conmar* case, did the release extend by implication to contributory infringers such as Aro; and the Trial Court so found (R. 27).

Rights against persons such as Aro were not only *not* released by implication, *but were expressly reserved in paragraph 5 of the Ford agreement.* This reservation could not possibly have misled or hurt the users of the cars or independent firms like Aro. All

the Ford cars in question had already been sold and had long been infringements. No implication could have attached to the original sale as Ford had no rights then. The patentee could later release liability for certain acts of infringement, without releasing all liability. Indeed, it is clear from paragraph 1 of the Ford agreement that car owners themselves were not released when their car had a replacement top fabric thereon, such situations being expressly excepted from the release.

Ford itself acquired no rights to manufacture or sell replacement top fabrics simply by reason of the release in paragraph 1 of the Ford agreement. To the contrary, paragraph 3 comprises a license extending solely to the Ford Motor Company, *strictly limited* to replacement top fabrics (the very subject matter here in controversy), and requires that Ford pay royalties for manufacture and sale of the specially shaped Mackie-Duluk type fabrics. Aro apparently contends that, by reason of the Ford agreement, Aro (a stranger to the agreement) should have the right to do royalty-free exactly what Ford paid a royalty for doing. The Ford agreement, however, did not even give Ford the rights Aro seeks to imply in itself by reason of that agreement.

The Trial Court's finding regarding the nature of Ford cars, i.e. they were *unlicensed* structures, was not challenged by Aro on appeal below (cf. Aro's questions on appeal, R. 642). By reason of the particular facts of the instant case, therefore, the rules of law proposed by the Government and Aro have no application to Aro tops made for Ford cars. The Government would appear to concede that this is so, as evidenced by the Government's letter to Respondent, dated May 3, 1960, and reproduced facing this page.

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D. C.

Address Reply to the Division Indicated and Refer to Initials and Number

May 3, 1960

RAB:CHW
60-358-0

Elliott I. Pollock, Esquire
1200 18th Street N.W.
Washington 6, D.C.

Re: Aro Manufacturing Co. v. Convertible Top Replacement Co.

Dear Mr. Pollock:

I understand from your letter to Mr. Weston of April 22, 1960, as further amplified in a conference on that date attended by you, Mr. Hollabaugh, and Messrs. Weston and Stern of the Appellate Section, that the memorandum which the Government filed in support of grant of certiorari in the above case has been given an interpretation in some quarters believed by you to be erroneous. You have therefore requested a letter clarifying the position taken by the Government in this memorandum.

The Government's position, as stated at page 4 of the memorandum, was that "the holder of a patented machine or combination exhausts his patent rights when he or his licensee sells the machine covered by his patent, and that the purchaser or the purchaser's supplier does not infringe the patent upon replacement of an unpatented element which becomes unusable in ordinary course in advance of the other components of the combination, * * *." (Underscoring supplied.) The views which we expressed had reference to replacement of the fabric portion of convertible tops which had been installed pursuant to a license from the patentee. We took no position respecting infringement if there was replacement of the fabric portion of convertible tops which had not been manufactured or installed under license from the patentee.

Sincerely yours,

ROBERT A. BICKS
Acting Assistant Attorney General
Antitrust Division

C. Aro's Contentions of Impropriety Were Not Made An Issue Below and Are Moreover Totally Unfounded

Aro has devoted substantial portions of its brief to a discussion of alleged misuse arising out of the transfer to Respondent of a territorial grant under the patent in suit. Aro's charges are wholly unfounded. The record is clearly to the contrary and, along with the statutory and case law, shows the clear propriety of everything done by Respondent and its predecessor heretofore. The Trial Court, upon consideration of the whole record on this point, only a small portion of which has been printed, found that Aro's allegations were "clearly not made out" (R. 33, fn. 1); that plaintiff was *not* guilty of "inequitable conduct" (R. 39, fn. 8); and that "there is no basis for [Aro's] claim that * * * plaintiff is attempting to harass the unwary" (R. 40).

Aro did not appeal these findings, and presented no question to the Court of Appeals even remotely touching on territorial grants or corporate relationships (R. 642). Nevertheless, apparently in an effort to obscure the merits of Respondent's case, certain of Aro's charges were repeated in its Court of Appeals brief.[21] The Court of Appeals apparently gave these charges no credence.

Although the issue is not properly before this Court (not having been appealed), and although Aro's charges were expressly rejected below, Respondent deems it advisable to clarify the record and law on the question lest there be some belief that, absent such

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[21] In so doing, Aro seems once more to have engaged in an activity which has characterized certain aspects of its defense throughout this litigation, i.e. as noted by the Trial Judge, the inclusion of "various matters in defendants' briefs which clearly should not have been there." (R. 47)

clarification, Respondent concedes the accuracy of Aro's stated views. In so clarifying the situation, Respondent is once more put in the position commented upon by the Trial Judge (R. 47):

> "Defendants' frequently repeated argument that it is 'up to plaintiff to prove its case,' does not have a highly convincing ring coming from one who has shown that this contention adds the further qualification, '*including the proving false of irresponsible statements* made by the defendants'." (Emphasis added.)

Aro states that Respondent never received income (Aro's brief, p. 7), and is a "shell" corporation (Aro's brief, p. 65). But the record shows that "plaintiff *has* received income in the past and expects, through proper business relationships to receive income in the future." (R. 636).

Aro says that Respondent and its predecessor, Automobile Body, "conspired" (Aro's brief, pp. 66-7); but Aro does not give a single record citation to support its charges of "conspiracy." In complete rebuttal of the "conspiracy" charge, the witness Wright testified that there is no director, officer, or stockholder common to both Respondent and its predecessor; that no "person, regardless of his status as an officer or otherwise * * * can control decisions in both corporations"; and that there was no financing of or other assistance in the instant litigation by Automobile Body (R. 102).[22]

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[22] Wright's testimony so clearly showed the absence of any "conspiracy," and of any other possible impropriety envisioned by Aro, that Aro *stipulated* the testimony of Mr. Wharton, President of Automobile Body, who was then present for examination. Aro did not designate any portion of the lengthy testimony, which it had itself taken, for printing before the Court of Appeals (the short excerpts from Wright's testimony, R. 101-3, were designated by Respondent).

Aro insinuates impropriety since the same firm of patent attorneys represents both Respondent and its predecessor. But Wright testified that Automobile Body did not even know of the instant litigation until more than two years after it had been filed, and then become aware of it by reason of a subpoena served on Automobile Body, shortly before trial, *by Aro* (R. 103).

Aro suggests (Br., pp. 65-6) that, by the transfer of patent rights to Respondent, Automobile Body secreted relevant information. But Aro itself took extensive testimony of Automobile Body constituting over 200 pages of transcript, in the course of said testimony asked for a number of documents from Automobile Body's files, and was immediately given *every such document* sought. The material quoted by Aro at pp. 65-6 of its brief (which Aro knows full well is *not of record*, cf. footnote 21, *supra*) is a fragmentary quotation from preliminary proceedings before another Court (Aro's fn. 103) dealing with a vague subpoena served by Aro; and these other proceedings were promptly settled by stipulation when Aro clarified the material sought. Aro received all the material set forth in the stipulation. Aro also departs from the record in relying on such material as the 1959 Washington Metropolitan Area Telephone Directory (Aro's Brief, pp. 7, 62).

Aro says (Br., p. 63-4) that a license granted by Automobile Body required that royalties be calculated on licensee's total sales in specified categories, including "unpatented" tops. But Aro itself *stipulated* that the royalties received by Automobile Body resulted from operations "under" (not outside of) their patents (R. 32). Moreover, the license agreement was clearly proper, *Automatic Radio* v. *Hazeltine, supra.*

Aro says (Br., pp. 56-7) that certain agreements entered into by Automobile Body were illegal as patent tie-in agreements. But Aro never challenged the validity of these agreements below, in fact urged that they were entirely valid, and relied on them as affording Aro alleged protection for their operations (R. 33, fn. 1). The agreements, on their face, show that they did *not*, as Aro alleges, "authorize sales of patented combinations by Ford and General Motors on the condition that the purchaser of the automobile not use replacement top fabrics purchased from a competitor of those replacement top manufacturers designated by the patentee * * *" (Aro's Br., pp. 56-7). Where do the agreements recite such a condition? Where is there any designation of competing replacement top manufacturers? Where indeed does the Ford agreement, for example, even "authorize sales of the patented combinations" (it was entered into long after the last car had been sold) Insofar as can be determined, Automobile Body never sold anything, and never made any designation or condition of the type alleged by Aro.

Aro says (Br., p. 68), that by transferring rights in one patent to Respondent, Automobile Body was trying to litigate individual patents in separate suits. But the Trial Court found that Automobile Body's two patents were concerned with entirely different inventions (R. 37-8); and Aro itself admitted that either of said patents "could be practiced without infringement of the other" (Aro's original Answer, filed May 23, 1956, paragraph 18). Aro *changed* their structures for the avowed purpose of avoiding infringement (R. 39); and it is not understood that Aro believes, or ever did believe, that the Ackermans patent should have or could have been litigated

against Aro. If Aro did have any substantial question regarding infringement of the entirely separate Ackermans invention, Aro could have easily filed suit for declaratory judgment.

Aro insinuates impropriety in the fact that Respondent acquired a territorial grant under the patent in suit. But such a grant is expressly authorized by statute, 35 U.S.C. § 261, which is quoted in full in an Appendix to this brief and provides:

> "Subject to the provisions of this title, patents shall have the attributes of personal property.
>
> * * * * * *
>
> "* * * The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole *or any specified part of the United States.*" (Emphasis added.)

Aro supposes some impropriety since Respondent brought suit. But, as a matter of general law, the right of a territorial assignee to bring suit cannot be doubted, see *Waterman* v. *Mackenzie*, 138 U.S. 252; *Hobbie, et al.* v. *Jennison*, 149 U.S. 355; *Keeler, et al.* v. *Standard Folding Bed Co.*, 157 U.S. 659. And Respondent could properly sue for past infringement, *Crown Die & Tool Co.* v. *Nye*, 261 U.S. 24. Indeed, 35 U.S.C. § 271(d) expressly states that Respondent shall *not* be

> "deemed guilty of misuse or illegal extension of the patent right by reason of his having * * * (3) sought to enforce his patent rights against infringement or contributory infringement."

Nor indeed was the validity or force of Respondent's title in any way modified when its assignor continued

to receive royalties (in the instant case, from operations in territories which the assignor retained unto itself), *Rude, et al.* v. *Westcott, et al.*, 130 U.S. 152. The grant to Respondent, and Respondent's subsequent bringing of suit, were thus clearly proper.

V. THERE IS NO CONSTITUTIONAL QUESTION IN THIS CASE

Congress, in enacting 35 U.S.C. § 271(c), hardly exceeded its authority. The power of Congress to legislate upon the subject of patents is plenary, *McClurg* v. *Kingsland*, 1 How. 202, 206; *United States* v. *Dubilier Condenser Corp.*, 289 U.S. 178, 189. The clear and concise definition of contributory infringement now in the statute, and every element of that definition, represents no more than a codification of what has long and consistently been recognized as contributory infringement.

Congress did not propose, by enactment of § 271(c), to protect well-known staple articles having general usage. The statute was intended to protect components which, though claimed in combination with other elements, were themselves new. Thus, the part protected was required by Congress to be "a material part of the invention", and Aro concedes and the legislative history shows (Aro's Brief, p. 40) that the term "material part" means "*part of the inventive contribution, something new that did not exist before that came from him.*" Such "new" structures most certainly are cognizable by Congress under Art. I, § 8 of the Constitution.

This, however, is the very nature of the uniquely shaped fabric tops here involved, i.e. the Court of Appeals noted that these special fabrics had "patentable novelty" (R. 651). Thus, neither the Act, or its application in the instant case, is unconstitutional.

CONCLUSION

The concurrent findings of both courts below that the patent in suit is valid and infringed are fully supported by the record, and their rulings are in accord with the decisions of this Court, which Congress reaffirmed and re-enacted in 1952. The Government's arguments here, which represent an effort to narrow the protection given a patentee against contributory infringers, were made to Congress in 1952 and rejected. Accordingly, the judgment below should be *affirmed*.

Respectfully submitted,

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APPENDIX

35 U.S.C. § 261. Ownership; assignment

Subject to the provisions of this title, patents shall have the attributes of personal property.

Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.

A certificate of acknowledgment under the hand and official seal of a person authorized to administer oaths within the United States, or, in a foreign country, of a diplomatic or consular officer of the United States or an officer authorized to administer oaths whose authority is proved by a certificate of a diplomatic or consular officer of the United States, shall be prima facie evidence of the execution of an assignment, grant or conveyance of a patent or application for patent.

An assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent Office within three months from its date or prior to the date of such subsequent purchase or mortgage. July 19, 1952, c. 950, § 1, 66 Stat. 810.